



INTERNATIONAL INSTITUTE OF AGRICULTURE  
BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

MONTHLY BULLETIN  
OF ECONOMIC AND SOCIAL  
INTELLIGENCE \* \* \* \* \*

46th. VOLUME \* \* \* \*

Vth. YEAR - NUMBER 10

\* \* \* \* \* OCTOBER 1914



\* \* \* ROME: PRINTING OFFICE OF THE INSTITUTE, 1914 \* \* \* \*



# CONTENTS

## PART I: CO-OPERATION AND ASSOCIATION.

### BRITISH INDIA.

DERIVATIVE CREDIT IN INDIA IN 1912-13 . . . . .	Page 1
I. General Introduction, page 1. — II. Agricultural Societies: § 1. General Progress, page 5. — § 2. Transactions of Agricultural Societies in 1912-13 and situation at the End of the Year, page 10. — III. Central Societies: § 1. General Progress, page 12. — § 2. Transactions of Central Societies during the Year 1912-13 and Situation at the End of the Year, page 17.	

### SPAIN.

ROYAL ORDERS OF IMPORTANCE FOR THE AGRICULTURAL SYNDICATES . . . . .	Page 22
§ 1. Exemptions Granted to the Agricultural Syndicates, page 22. — § 2. Credit in favour of Agricultural Syndicates, page 24.	

### JAPAN.

BANKS AND LOANS ON HONOUR IN JAPAN . . . . .	Page 26
Chapter I. General View: § 1. The Raifudsen Banks and the Hotokushas, page 27. — § 2. European Banks for Loans on Honour, page 27. — § 3. Environment in which the Hotokushas developed. The Japanese Peasants, page 28. — Chapter II. Historical Sketch: § 1. Nomomiya Sontoku. His Life and Work, page 30. — § 2. The Hotoku. Its Signification. Its Rules, page 32. — Chapter III. The Hotokushas. § 1. Their Organization and their Means of Action, page 35. — § 2. The Funds of the Societies. Their Investment, page 36. — § 3. Central and Branch Societies, page 39. — § 4. Some Statistical Data, page 40. — § 5. The Hotokushas and Co-operative Societies, page 43.	

LIST OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION . . . . .	Page 46
---	---------



## PART II: INSURANCE AND THRIFT.

## GREAT BRITAIN AND IRELAND

MUTUAL PIG INSURANCE IN ENGLAND AND WALES . . . . .	Page 50.
Introduction, page 50. — § 1. Comparison between Commercial Insurance Companies and Mutual Insurance Societies, page 51. — § 2. Area of Operations and Membership of Pig Insurance Societies, page 51. — § 3. Statistics of Pig Clubs, page 52. — § 4. Registered and Unregistered Pig Clubs, page 53. — § 5. Rules of Pig Clubs, page 55. — § 6. Stability and Reinsurance, page 55. — Conclusion, page 59.	

## HUNGARY.

LIVESTOCK INSURANCE IN HUNGARY, by Dr. IGNACZ PAJOR, <i>Head Manager of the Hungarian Mutual Livestock Insurance Society, at Budapest</i> . . . . .	Page 61.
§ 1. General Historical Remarks, page 61. — § 2. Legislation in regard to Veterinary Police, page 62. — § 3. A Bill for Communal Livestock Insurance, Local Co-operative Insurance Societies. Foundation of the "Mutual Hungarian Society", page 64. — § 4. Constitution of Communal Co-operative Insurance Societies, page 65. — § 5. Administrative and Technical Organization, page 67. — § 6. Statistical Data. State Intervention, page 68. — § 7. Livestock Insurance Societies Limited by Shares. Conclusion, page 69.	

## PART III: CREDIT.

## ITALY.

WORK OF THE SPECIAL AGRICULTURAL CREDIT INSTITUTES IN 1913 . . . . .	Page 70.
§ 1. The Savings Bank of the Bank of Naples and the Agricultural Credit Department at the Bank of Sicily, page 72. — § 2. Other Special Agricultural Credit Institutes, page 76.	

## UNION OF SOUTH AFRICA.

THE LAND AND AGRICULTURAL BANK OF SOUTH AFRICA . . . . .	Page 77.
§ 1. The Constitution and Objects of the Bank, page 78. — § 2. The Work of the Bank during the Period October 1st., 1912 to December 31st., 1912, page 80.	

NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT . . . . .	Page 81.
--	----------

## CONTENTS

### PART. IV: MISCELLANEOUS.

#### AUSTRIA.

CONTEMPORARY AGRICULTURAL POLICY IN AUSTRIA. . . . .	Page 89
Introduction, page 89. — Chapter I. Summary, page 91. § 1. Laws for the Protection of High Mountain Grazing Grounds and for the Improvement of Mountain Economy, page 91. — § 2. Laws for the Improvement of Grazing Grounds, page 101.	

#### CHINA.

CULTIVATION AND SALE OF RICE IN CHINA, by M. FARJENEL. . . . .	Page 110
--	----------

#### UNITED STATES.

THE PROBLEM OF THE ECONOMIC DISTRIBUTION OF AGRICULTURAL PRODUCTS: RESOLUTIONS OF CONGRESS . . . . .	Page 121
--	----------

#### RUSSIA.

THE COLONISATION IN THE CAUCASUS FROM 1908 TO 1912 . . . . .	Page 125
§ 1. First Attempts at Colonisation, page 126. — § 2. Area of Land Suitable for Colonisation in the Caucasus, page 128. — § 3. Results of Colonisation between 1908 and 1912, page 129. — § 4. Irrigation in the Muchansk Steppe, page 132. — § 5. Road Construction in the Black Sea Province, page 132. — § 6. Measures for the Promotion of the Economic Welfare and Education of the Colonists, page 133. — § 7. Sanitary Measures, page 135.	

TITLES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL . . . . .	Page 140
--	----------



# Part I: Co-operation and Association

## BRITISH INDIA.

### CO-OPERATIVE CREDIT IN INDIA IN 1912-13.

#### SOURCES:

- DOCUMENTS EXHIBITING THE MORAL AND MATERIAL PROGRESS AND CONDITION OF INDIA DURING THE YEAR 1912-13. London: Eyre and Spottiswoode, 1913.
- DOCUMENTS SHOWING PROGRESS OF THE CO-OPERATIVE MOVEMENT IN INDIA DURING THE YEAR 1912-13.
- ANNUAL REPORTS ON THE WORKING OF CO-OPERATIVE SOCIETIES FOR THE YEAR 1912-13, IN:
- MADRAS PRESIDENCY. Madras: Government Press, 1913.
  - BOMBAY PRESIDENCY INCLUDING SIND. Bombay: Government Press, 1913.
  - BENGAL. Calcutta: The Bengal Secretariat Book Depot, 1913.
  - BURMA. Rangoon: Office of the Superintendent Government Printing, 1913.
  - PUNJAB. Lahore: Punjab Government Press, 1913.
  - UNITED PROVINCES OF AGRA AND OUDH. Allahabad: Government Press, 1913.
  - CENTRAL PROVINCES AND BERAR. Nagpur: Government Press, 1913.
  - ASSAM. Shillong: Assam Secretariat Printing Office, 1913.
  - COORG. Mercara: Coorg District Press, 1913.
- PROCEEDINGS OF THE SEVENTH CONFERENCE OF REGISTRARS OF CO-OPERATIVE SOCIETIES. Simla: The Government Monotype Press, 1913.
- COLLECTION DEALING WITH THE PROGRESS OF THE CO-OPERATIVE MOVEMENT. Government of India. Department of Revenue and Agriculture. Simla, 1914.

#### I — GENERAL INTRODUCTION.

Co-operation in India dates, officially at least, from the coming into force of the Co-operative Credit Societies Act of 1904, and is still represented officially by co-operative credit alone, other forms of co-operation having not yet passed the experimental stage.

The movement as a whole has until now been more or less in the formative stage. In a vast country like India it has naturally developed upon slightly different lines in different districts, and administrative practice particularly with respect to the classification of societies, has varied considerably from one Province to another. In our previous articles dealing with Co-operation in India it has for these reasons been considered advisable to deal with the progress of co-operation in each Province separately, and this has necessitated dividing the account of each year's working into two parts dealing respectively with Rural Societies and Central Societies.

The need for such detailed examination is now, however, materially lessened by the fact that, speaking generally, the co-operative movement is progressing steadily upon well defined lines, and the Reports of the Registrars are practically uniform. This makes it possible for us to present the information for the whole of India with comparatively little explanation or amplification, and conclude our examination of both Central Societies and Agricultural Societies within the limits of a single article. We shall thus find room in another number of the *Bulletin* for a wider discussion of the co-operative movement in which we shall consider not only the direct material benefits which have resulted from the formation of societies, but also those other results of the movement which may be said to be indirect or incidental, and which are largely social and educational.

Before examining the work of the two classes of Societies with which we are chiefly concerned — Agricultural Societies and Central Societies — it will be well to refer briefly to the official sources of information and explain the form in which the returns for each year are presented.

#### (a) *The Official Statements and Reports.*

The information relating to the whole co-operative movement in India is contained in the *Annual Reports* of the Registrars of Co-operative Societies in the various Provinces. These *Reports* are forwarded to the Revenue Department where, under the direction of the Chief Secretary to Government, a statistical abstract is prepared and issued under the title of *Statements showing the Progress of the Co-operative Movement in India*.

In the returns with which we are dealing some slight changes have been made. In the year under review the Co-operative Societies Act (II of 1912) came into force, and as a result the distinction between Rural and Urban Societies has been dropped and these societies are now classed as Agricultural and Non-agricultural respectively.

In the second place the Profit and Loss Account hitherto shown for each class of society has been eliminated; and, lastly, two new *Statements* appear in the returns, one relating to Cattle Insurance Societies, and one which has been specially prepared for the use of the International Institute of Agriculture, relating to Agricultural and Central Societies.

To some extent, too, the information contained in the returns has been rendered more precise. In previous years the societies in each class had

been distinguished only as "Credit Societies" or "Other Societies". The latter are now subdivided into Societies for, (1) Purchase and Purchase and Sale, (2) Production, (3) Production and Sale, (4) Insurance, (5) Other Forms of Co-operation.

With respect to the working of Credit Societies which form the majority of all societies — Agricultural, Non-agricultural and Central — additional information is now given as to the "Most usual rate of Interest, (a) on Loans made by Society, (b) on Deposits, (c) on Shares".

Much useful information relating to the progress of co-operation in India is to be found in the published *Proceedings* of the Annual Conferences of Registrars of Co-operative Societies. At each Conference the Registrars submit brief Reports upon the progress of co-operation in their respective Provinces. In these Reports the Registrars call attention to any development of the movement which is peculiar to their own Province and to any special difficulties which have been encountered during the year.

After the reading of the Reports the Conference takes up its real work, which is the discussion of questions of policy and of practice relating to the co-operative movement in India. The papers read before the Conference and the discussions which follow throw much light upon the progress of the movement, and help the student of co-operation unfamiliar with Indian affairs to understand much which at first sight seems obscure. But it is only incidentally that the Conferences serve the useful purpose of explaining the progress of Indian Co-operation to the uninitiated. Their real importance arises from the fact that the Resolutions passed in them serve to guide the Governments, both Local and Imperial, in drawing up rules for the management of societies, and in this way it is due largely to the Conferences that the movement is now progressing upon sound and practically upon uniform lines.

### (b) *The Rapid Growth of the Movement.*

In spite of the fact that Government has consistently endeavoured to check any tendency towards undue expansion, the growth in the number of societies and the capital at their disposal has been astonishingly rapid, as may be seen from the following Table:

TABLE I. — *All Societies: Membership and Working Capital.*

At end of Year	1905-6	1906-7	1907-8	1908-9	1909-10	1910-11	1911-12	1912-13
Total Number of Members . . . . .	28,629	90,844	149,160	184,889	230,698	314,101	403,318	573,536
	£	£	£	£	£	£	£	£
Total Working Capital . . . . .	32,000	158,000	294,500	538,000	827,000	1,358,000	2,238,000	3,564,000

In Table II we give an abstract of certain information relating to societies, the figures for the year under review ending June 30th, 1913, being compared with those for the previous working year.

TABLE II. — *Abstract: All Societies.*

	1912	1913
I. — NUMBER OF SOCIETIES.		
Central . . . . .	120	251
Non-agricultural . . . . .	495	691
Agricultural . . . . .	7,562	11,382
Total . . . . .	8,177	12,324
II. — NUMBER OF MEMBERS.		
	403,318	573,500
III. — CAPITAL.		
	Rr.	Rs.
Loans from private persons . . . . .	88,39,777	1,33,62,758
Loans from other Societies . . . . .	1,10,41,533	1,93,61,338
Share capital . . . . .	52,58,937	66,10,798
Deposits by members . . . . .	65,07,698	93,54,444
State aid . . . . .	9,34,663	11,27,511
Reserve . . . . .	9,92,454	16,08,118
Total . . . . .	3,35,74,162	5,34,24,287
IV. — DISBURSEMENTS.		
Deposits repaid to members . . . . .	43,03,789	97,16,232
Loans repaid to private persons . . . . .	46,54,183	66,44,311
Loans repaid to other Societies . . . . .	50,29,298	75,62,111
Loans issued to members . . . . .	1,78,71,024	2,78,10,000
Loans issued to other Societies . . . . .	90,79,616	1,54,11,200
Interest paid on loans and deposits . . . . .	13,17,388	25,12,000
Dividend and bonus paid . . . . .	1,56,207	42,300
Establishment and contingencies . . . . .	2,73,384	5,79,000
Other items . . . . .	16,04,322	28,05,000
Total . . . . .	4,43,49,211	7,53,32,000

As we shall be occupied in the rest of this article entirely with the progress of Agricultural Societies and Central Societies, it will be convenient

are to consider very briefly the progress of the Non-agricultural Societies, the figures relating to which are included in the above Tables.

### (c) *Non-agricultural Societies.*

The number of such Societies in India on June 30th, 1913, was 691, of which 610 were Credit Societies and the remainder (with but few exceptions) were Societies for Purchase or for Purchase and Sale. They are most numerous in the United Provinces where there are 175 societies. The membership of the 691 Societies was 76,378, and the Total Working Capital, Rs. 57,04,584.

The members are drawn from many different classes, — clerks, telegraphists, weavers, brass workers, small traders, etc. — and the Societies themselves vary greatly in size and in co-operative character. They include People's Banks, which aim at meeting the credit needs of artisans and the professional classes, societies formed among the members of a particular caste or caste, and societies founded by philanthropic persons among some of the poorest classes of town workers. Many of these trade or caste societies are on a very small scale indeed, but from the point of view of the community, as factors which contribute to the moral and social progress of India, their work is certainly not less important than that of wealthier Societies whose members have never felt the severe economic pressure under which co-operation is the natural defence.

The management of a Non-agricultural Society presents difficulties which are not usually encountered in connection with Agricultural Societies. Normally, a Non-agricultural Society is based on limited liability, and this fact alone considerably complicates the work of management. Many of the earlier societies proved in practice to be unsatisfactory. Some of these have been definitely eliminated while others have been reorganised on sound lines and are now working successfully. There are many people in India who have high hopes that the co-operative movement will revitalise many of the traditional handicrafts and industries which in India have long been struggling against the competition of modern methods of production.

## II — AGRICULTURAL SOCIETIES.

### § I. GENERAL PROGRESS.

On June 30th, 1913, there were 11,382 Agricultural Societies in India against 7,562 at the end of the previous working year. The increase, amounting to 50 per cent. exactly, seems extraordinarily large. It must, however, be remembered that for a few years past the Registrars have been proceeding very carefully in the matter of registration and have in a very large



number of cases postponed the recognition of societies which were quite ready to begin business until time could be found to enquire into all the circumstances of their formation. We may, therefore, conclude that many of the new societies registered in 1913 had really been in existence for some considerable time and, for one reason or another, had not yet received recognition. It must also be borne in mind that even with more than eleven thousand societies at work the co-operative movement has reached only a very small percentage of the people who live by agriculture in India, and that for many years to come there will still be unlimited room for expansion.

The progress of Agricultural Societies is shown below in Table III and a glance at the average figures will show that, in spite of the great and unprecedented expansion in number, the development of the societies has been quite normal. Table IV shows the financial situation as at June 30th, 1913.

TABLE III. — *Progress of Agricultural Societies, 1912-1913.*

	1912	1913
Number of Societies . . . . .	7,562	11,181
Membership:		
Aggregate . . . . .	324,860	467,378
Average (per Society) . . . . .	43	41
	<i>Rupers (1)</i>	<i>Rupers</i>
Working Capital:		
Aggregate . . . . .	1,82,29,061	2,90,18,634
Average (per Society) . . . . .	2,410	454
Loans Outstanding:		
Aggregate . . . . .	1,74,67,950	2,75,02,043
Average (per Society) . . . . .	2,309	2,392
Loans Granted:		
Aggregate . . . . .	1,44,32,036	2,26,60,323
Average (per Society) . . . . .	1,908	1,961

(1) A rupee is equal to 15. 4d. or 1 fr. 68. The figures are divided so as to show the number of lakhs, a lakh being 100,000 rupers.

TABLE IV. — *Agricultural Societies: Balance Sheet.*

Assets		Liabilities	
	Rs.		Rs.
Cash in Hand and Bank . . . . .	13,39,997	Loans and Deposits:	
Value of Investments . . . . .	4,75,526	From Non-members . . . . .	31,67,267
Loans Due:		From Other Societies . . . . .	1,06,38,034
By Members . . . . .	2,58,93,474	Loans from Government . . . . .	9,96,759
By Societies . . . . .	14,98,569	Deposits of Members . . . . .	29,49,799
Interest Due to Societies . . . . .	11,42,714	Share Capital . . . . .	37,84,075
Value of Stock in Hand . . . . .	6,26,236	Interest and Dividend Due by Societies . . . . .	5,56,771
Other Items . . . . .	1,74,812	Cost of Management Due . . . . .	27,404
		Other Items . . . . .	68,426
		Reserve Fund (Undistributed Profits) . . . . .	10,68,198
		Total . . . . . (1)	2,92,47,769
		Amended Total . . . . .	2,92,41,897
		Balance (Profit) . . . . .	13,18,131
Total . . . . .	3,05,60,328		3,05,60,328

(1) These figures must be amended. In the accounts relating to the Coorg Agricultural Societies the Profit on the year's working, amounting to Rs. 5,372, is shown twice; distributed between the Reserve Fund and the Share Capital. It appears as part of the Total Liabilities, and it is then shown separately as a Profit. To avoid counting it twice in our Balance Sheet we must deduct it from the Total Liabilities, the Amended Total being Rs. 2,92,41,897.

#### (a) Working Capital.

In the year under review the amount of Working Capital shown, Rs. 2,90,18,634, is the total of the items, Cash in Hand, Loans Due by Members, Loans Due by Societies, Value of Stock in Hand, and Other Items, which form the bulk of the Assets of the Societies as shown in the Balance Sheet. This is a departure from the practice of previous years in which Working Capital has been taken to be the total of the items, Loans from Non-members, Loans from Other Societies, Share Capital, Deposits by Members State Aid and Reserve Fund, which in the Balance Sheet appear as Liabilities. The change does not affect to any great extent the amount shown as Working Capital, for since the Societies lend out practically the whole of the funds in their possession it makes but little difference whether the amount of these funds is ascertained by referring to the Credit or to the Debit side of the Balance Sheet. In Table III the Working Capital is the total of the principal Assets and is Rs. 2,90,18,634; cal-

culated as in previous years as the sum of the principal Liabilities would amount to Rs. 2,85,95,168.

For the purpose of comparison with previous year's figures we shall show how the latter amount is made up.

TABLE V. — *Agricultural Societies: Sources of Capital.*

Source	Amount	Percentage Total
	Rs.	
Loans and Deposits from Non-members . . . . .	34,67,267	12
Loans and Deposits from Other Societies . . . . .	1,66,38,034	58
Loans from Government . . . . .	9,96,795	3
Deposits of Members . . . . .	20,40,700	7
Share Capital . . . . .	37,84,075	13
Reserve Fund . . . . .	10,63,198	4
Total . . . . .	2,85,95,168	100

In Table VI we show the above percentages compared with the corresponding percentages for the four previous years.

TABLE VI. — *Agricultural Societies: Sources of Capital (Percentages).*

Source	Percentages of Total Capital				
	1909	1910	1911	1912	1913
Loans and Deposits from Non-Members . . . . .	18.0	16.5	13.7	10.8	12
Loans and Deposits from Other Societies . . . . .	35.8	42.4	50.2	59.5	58
Loans from Government . . . . .	13.7	9.1	5.5	4.4	3
Deposits of Members . . . . .	15.4	14.9	14.2	12.4	7
Share Capital . . . . .	14.1	14.1	13.3	12.8	13
Reserve Fund . . . . .	2.6	3.0	3.1	3.6	4
Total . . . . .	100	100	100	100	100

The figures shown in Table VI are a clear indication of the steady progress of the societies. In 1909, the number of Agricultural Societies was only 1,766. By 1913, they had increased in number to 11,382; yet the changes shown above have been gradual and uninterrupted. The figures here call for comment. Loans from Government have decreased rapidly in relative importance and are now only  $3\frac{1}{2}$  per cent. of the total. Loans from

Deposits from Other Societies have risen quickly to nearly 60 per cent. of the total but now appear to be approaching their maximum importance; and the Reserve Fund is growing slowly and, it would seem, laboriously.

(b) *Loans Outstanding and Granted.*

The total amount of Loans Due on June 30th, 1913, was Rs. 2,73,02,043 made up as follows :

Due by Members: Rs. 2,58,03,574 (of which Rs. 28,69,828 overdue).

Due by Societies: Rs. 14,98,569 (of which Rs. 9,740 overdue).

The proportion overdue amounts in the case of Loans Due by Members is 11 per cent., but in the case of Loans Due by Societies is less than 1 per cent. The amounts overdue are shown for the first time in the returns for 1913 and it is difficult to say to what extent they can be considered accurate. Some societies show more than they should and some show less. The percentages shown probably fairly represent the general situation. The Registrar in the Punjab, with reference to the amount overdue in his Province (16 per cent. of the amount out on loan), writes: "There are three main reasons for this. First, because the process of educating the members to pay up promptly is a slow one. Secondly, because the harvests though good as a whole were poor in parts. Thirdly, because members are busy paying off their old debts and devote to this purpose produce by the sale of which they would otherwise repay their loans".

These remarks are applicable to India as a whole, where the first anxiety for the ryot on his election as a member of a co-operative society is to free himself from debt to the village money-lender in order to raise his standing with the society.

Repayment of old debt is still the principal purpose for which the loans granted are required, at least 30 per cent. of the total amount lent being secured. The purchase of draught cattle is the second object in importance, and the other purposes include payment of Government revenue, household expenses, the purchase of fodder and seed, marriage expenses, the redemption of mortgages, the sinking of wells and the purchase of land. The amount used for the purpose of freeing land from mortgage is relatively very small since the rate of interest which is paid to private lenders for loans secured by mortgages is generally quite reasonable, and is in fact usually lower than the rate at which the societies are prepared to lend. The rate of interest charged for loans varies from 7 per cent. in Bombay to 15 per cent. in Burma, the average for the whole of India being 9 per cent. It is estimated that by dealing with co-operative credit societies the agriculturists effect a saving of more than 10 per cent. in interest charges. The interest paid by the societies on deposits is usually about 6 per cent. In many Provinces the village money lenders themselves, finding their transactions with individuals seriously curtailed, are now investing in the societies. It is hoped, too, that in course of time a part at least of the funds hoarded by the villagers according to the immemorial custom of the East will be attracted to the societies and rendered fruitful.

§ 2. TRANSACTIONS OF AGRICULTURAL SOCIETIES IN 1912-13  
AND SITUATION AT THE END OF THE YEAR.

The total income of Agricultural Societies for the year ending June 30, 1913, was Rs. 3,38,16,504, and the total expenditure Rs. 3,33,70,024. These figures are for all societies and include, therefore, the figures for a few Societies for Production and Sale etc., whose transactions, however, are quite insignificant.

The following Table shows the Receipts and Disbursements for the year.

TABLE VII — *Agricultural Societies: Receipts and Disbursements, 1912-13*

Receipts		Disbursements	
	Rs.		Rs.
Share Payments . . . . .	15,22,517	Share Capital Withdrawn . . . . .	89,714
Loans and Deposits:		Members' Deposits Withdrawn . . . . .	9,67,000
By Members . . . . .	18,27,567	Loans Repaid to:	
By Non-members . . . . .	21,91,924	Government . . . . .	1,70,777
By Other Societies . . . . .	11,13,889	Central Societies . . . . .	56,23,158
By Government . . . . .	2,82,113	Other Societies . . . . .	4,18,172
By Central Societies . . . . .	1,16,89,534	Non-members . . . . .	10,94,002
Loans Repaid by:		Loans to Members: . . . . .	
Members . . . . .	1,20,60,637	On Personal Security . . . . .	1,93,07,104
Central Societies . . . . .	81,823	On Mortgage Security . . . . .	22,30,671
Other Societies . . . . .	2,66,977	Loans to Central Societies . . . . .	2,54,320
Interest Received . . . . .	22,17,662	Loans to Other Societies . . . . .	8,14,521
Sale of Goods to Members . . . . .	80,902	Interest Paid on Loans and Deposits . . . . .	1,50,000
Other Income . . . . .	4,81,359	Dividend and Bonus Paid . . . . .	17,470
Total Income of Year . . . . .	3,38,16,904	Stock Bought . . . . .	1,19,732
Opening Balance . . . . .	8,90,952	Establishment and Contingencies . . . . .	1,91,700
		Other Items . . . . .	5,22,521
		Carried to Reserve . . . . .	1,22,600
		Total Expenditure . . . . .	3,33,70,024
		Closing Balance . . . . .	13,39,927
Grand Total (including Opening Balance) . . . . .	3,47,07,856	Grand Total (including Closing Balance) . . . . .	3,47,07,857

*(a) Share Capital.*

The question of the proper definition of the term "Share" was discussed at the Conference of Registrars of Co-operative Societies held at Simla in October, 1913.

Strictly speaking a share issued by a society should represent a financial interest the income-earning value of which is dependent upon the success of the society, and should imply a limitation, absolute or proportionate, of the holder's liability for the obligations of the society. In the case of an Agricultural Society there is normally no distribution of profits and no limitation of a member's liability. It has, however, been found by experience that these strict principles may often with advantage be relaxed to some extent, especially in the direction of permitting some distribution of profits in the form of dividends; and we find that the true definition and function of Share Payments are somewhat differently conceived in different Provinces.

The Registrar of Co-operative Societies in Bombay, addressing the Conference at Simla, said: "In Madras, Agricultural Credit Societies have shares which seem to approximate to entrance fees. In Bengal they are said occasionally to be another name for compulsory local deposits. In the Punjab they apparently resemble endowment insurance policies. In my own Presidency they are similar to the shares issued by joint stock Companies".

Some explanation is due of the system of share payments which exists in the Punjab. Each member in the Punjab is required to subscribe to the share capital in ten annual instalments, the members who join after the first year being required to pay up the amount they could have been called upon to contribute had they joined at the beginning. The profit earned on a share is not distributed but at the end of ten years the accumulated profit, after deducting one quarter for reserve, is added to the value of the share, and on the increased share a dividend is thereafter paid. Until recently a member could withdraw his share at the end of ten years but a new bye-law lays down that all new shares subscribed will be non-returnable. In the United Provinces and in Burma, Agricultural Societies have followed a somewhat similar policy with respect to the division of profits, and with very satisfactory results.

A resolution was passed by the Seventh Conference of Registrars to the effect that deposits and debentures should not be included in the amount returned as "Shares". The importance of a clear definition of shares and a true return as to the amount of share capital is perhaps greater in the case of a limited liability society than in that of a society based on unlimited liability. In the first case the share capital represents the whole of the ultimate guarantee fund; in the second case it is but a part, and may be only a small part of that fund, which consists actually of the combined resources of all the members.

## III. — CENTRAL SOCIETIES.

## § I. GENERAL PROGRESS.

The number of Central Societies increased during the year under review from 120 to 251. For the first time the official *Statements* now distinguish three types of Central Society, namely, Central Banks, of which there were 101 in 1913, Central Banking Unions, of which there were 65, and Unions, of which there were 85. Central Societies, too, are now more strictly defined, no Credit Society being classed as Central which does not lend more than half its funds to other Societies. Out of the 251 societies, only 8 were other than Credit Societies. These 8 Societies, which are all in the Central Provinces, are described as Agricultural Unions. We deal with their organisation and working in another section, but the figures relating to the financial transactions are quite insignificant, and are included with the figures for Credit Societies in the Tables which follow here.

The total membership of Central Societies on June 30th, 1913, was 29,780 comprising 22,909 individuals and 6,871 societies.

Following the order already adopted in dealing with Agricultural Societies we shall first show, in Table VIII, the progress of Central Societies in 1912-13.

TABLE VIII. — *Progress of Central Societies, 1912-1913.*

	1912	1913
Number of Societies . . . . .	120	251
Number of Members:		
Individuals . . . . .	—	22,909
Societies . . . . .	—	6,871
Total . . . . .	11,361	29,780
Working Capital: (1)	<i>Rupees.</i>	<i>Rupees.</i>
Aggregate . . . . .	1,07,73,984	1,95,13,376
Average (per Society) . . . . .	—	77,73
Loans Outstanding: (2)		
Aggregate . . . . .	99,17,296	1,82,20,377
Average (per Society) . . . . .	—	72,631
Loans Granted:		
Aggregate . . . . .	81,39,894	1,32,63,869
Average (per Society) . . . . .	—	60,812

(1) Ordinarily includes the items: Cash in Hand, Loans Due by Members, Loans Due by Societies, Value of Stock in Hand and Other Items.

(2) Of which Rs. 7,74,348 overdue.

(a) *Central Banks and Central Banking Unions.*

There is no strict line of division between Banks and Banking Unions. Usually a Central Bank is composed chiefly of individual shareholders and finances other societies but has little or nothing to do with their inspection and control, while a Banking Union is constituted with other societies as shareholders and both finances and supervises the member societies. But neither Banks nor Banking Unions are constituted on uniform lines throughout the country. In the Punjab, for example, there are 12 Central Banks composed entirely of individual shareholders and 5 composed partly of individuals and partly of societies, while out of 17 Banking Unions, 14 are composed exclusively of societies and 3 admits both societies and individuals as shareholders. About half of the individual societies in India are now shareholders in Central Banks or Unions. Liability in the case of both Banks and Banking Unions is invariably limited. Occasionally the liability of the constituent societies is fixed at some multiple of their shares, and Government is in favour of a more general adoption of this plan.

Banks and Unions are able to lend to individual societies at rates of interest which vary from 7 to 12 ½ per cent., and this enables the societies to lend at lower rates than the local money-lenders, each of whom is usually wholly dependent upon his own resources.

The capital of Banks and Unions consists largely of shares and debentures and this enable them to make a fair proportion of long term loans to local societies in addition to furnishing them with capital for their current needs.

Each central institute, whether called a Bank or a Banking Union, as a rule serves the needs of a group of societies in a certain area; but again there is no uniformity as to the size of the area and, as the Registrars have followed the wise policy of allowing the movement to extend naturally from districts where it has found congenial soil into adjoining districts, by example rather than by precept, it is generally the case that societies are unevenly distributed throughout a Province.

The work of each central credit institute is to bring the borrower into touch with a wider money market and provide the machinery by which the excesses and deficiencies of local societies can be balanced. As the co-operative credit system grows it is being found that Central Banks and Unions are not strong enough to eliminate fluctuations in the situation of the local credit societies within their territory. It has been found necessary to connect them in turn with larger institutes, either joint stock banks or, as in Bombay and the Central Provinces, with specially created Provincial banks.

The Bombay Central Co-operative Bank was started in 1911 with the object of providing a strong central credit institute to deal exclusively with co-operative societies in the Presidency. On its foundation it was authorised to issue shares to the value of 7 lakhs and to issue debentures carrying interest at 4 per cent. per annum, to an amount equal to three



times the paid up capital, Government undertaking to guarantee the interest on the debentures. The paid up share capital, at the end of the year under review, amounted to Rs. 2,10,100 and was subscribed by 21,010 shareholders.

The remainder of the working capital of Rs. 11,84,452 was raised by deposits. The total amount advanced during the year was Rs. 9,48,750 and on March 31st, 1913, there were 389 loans outstanding amounting to Rs. 11,61,769, of which only Rs. 13,790 had been lent for periods exceeding 5 years. At the end of the year debentures for 5 lakhs were issued, the whole amount being subscribed by three holders. The profit on the year's working, after meeting expenses carried forward from the previous year, was sufficient to pay a dividend of 6 per cent. and leave Rs. 2,700 to be carried to reserve, and an equal amount to be distributed to borrowing societies in the form of a rebate of interest.

The work of the Bank until the close of 1912-13 had been confined to transactions with unlimited liability Societies, but it has now been decided by the Directors to finance limited liability societies also.

The Provincial Co-operative Bank in the Central Provinces was established in 1912 without anything in the nature of an official guarantee. It deals with Central Societies only, and up to June 30th, 1913, — the Bank having then been doing business for fifteen months, — had advanced Rs. 7,08,100 to 24 Central Banks. At the same date the profit for the year then ending, although sufficient to pay a dividend of 5 per cent., was carried to the reserve fund, which now amounts to Rs. 20,000 and is invested in Government securities. The Bank borrows in the open market at 10 per cent. and lends to Central Societies at 7 per cent.

The Registrar in the Central Provinces, after noting in his Report that some doubts had been expressed as to the necessity for a Provincial Co-operative Bank, says: "Without the Provincial Bank the chain between the small credit Society and the sources of indispensable capital must be incomplete. The Provincial Bank can obtain substantial credit from the Joint Stock Banks, and can grant drawing accounts to Central Banks on the strength of which it is possible for them to accept deposits. Thus, if deposits are withdrawn there are sources from which to pay them. Take away the Provincial Bank and deposit banking becomes impossible for Central Banks".

The Registrar is of opinion also that the co-operative movement must shortly turn its attention to mortgage credit, and writes as follows: "If we are to take up co-operative mortgage credit, we must have a powerful bank which can manage this particular class of business and can issue first mortgage, long term bonds of small denomination to the public. Such work is quite beyond the capacity of Central Banks as it requires very special knowledge and highly skilled attention".

(b) *Supervising Unions.*

The total number of Supervising Unions in India on June 30th, 1913, was 79, of which no less than 67 were in Burma. There were 4 in Madras, 1 in Assam, 1 in Bombay and 1 in Baroda. It must be remembered, however, that most of the Central Banking Unions to which we have already referred undertake some supervision and control of the societies which they finance, and that this part of their work is of continuously increasing importance. The societies which we here refer to as Supervising Unions possess no funds for making advances to affiliated societies. Their work is usually confined to propaganda, instruction and inspection, and in connection with loans to the affiliated societies they act as Credit Committees of the central societies which provide the funds. All applications for loans, that is to say, must be approved by the Union as the condition of their being granted by the central society, and a Union may (though ordinarily it does not) also guarantee the loans which it approves. The Union in Bombay has entered into a working arrangement with the Bombay Central Bank, under which in return for a commission from the bank it supervises the loans outstanding and accepts responsibility for all of any default which occurs.

The Registrar in Burma, where the system of Supervising Unions is most highly developed, writes as follows: "Unions have continued to multiply themselves and without them the Government staff could not supervise existing Societies, much less hope to extend operations. Experience is being gained as to the most desirable size for a Union, and it is clear that some of the large ones are becoming unwieldy, and that part of the work will shortly become necessary. Normally in Upper Burma ten to twenty Societies is the ideal number. It is further becoming evident that a loose federation of the Unions in a district for the directing of policy and general consultation is desirable. A District Co-operative Conference (short name for the Federation of Unions of Co-operative Societies in the District) of which the Chairmen of all Unions in the District should be members and which should meet half-yearly or quarterly is the sort of machinery required, and this machinery will be evolved in the coming year."

It is intended that these Conferences or Federations which are now being formed, besides directing the administration of the co-operative system in the Province shall bring the whole movement into touch with the Agricultural Department and serve as the channel through which all that relates to the progress of co-operation may be brought to the notice of District Officers.

In Madras, each of the four existing Unions employs a Supervisor who passes upon all applications for loans (or for extensions of loans) made by the local societies to central banks. These Unions also receive a commission from the central banks but apparently they do not guarantee any part of the loans which they recommend. The Registrar in his Report

states that there is probably room for about ten more Unions of the existing type but that he is postponing registration of them until the Government issues orders on the question of imposing an inspection fee on Societies. The difficulty appears to be that as at present financed the Unions are not able to command the services of Supervisors sufficiently well qualified.

It should be mentioned that, since the close of the year under review the Governor in Council has issued a draft rule for the purpose of levying fees for audit work from all registered co-operative societies. The rule is made under the powers conferred by Section 43 of the Co-operative Societies Act, 1912, and proposes that fees shall be levied according to the following scale:

- (a) Central Banks, a fee of 5 per cent. on net profits subject to a maximum of Rs. 750 per annum ;
- (b) Agricultural Societies, 5 per cent. on net profits subject to a minimum of Rs. 5 per Society ;
- (c) Non-agricultural Societies, 5 per cent. on net profits subject to a minimum of Rs. 15 per Society ;
- (d) Non-credit Societies, 1 per cent. upon total annual sales subject to a minimum of Rs. 50 and a maximum of Rs. 750 per Society.

*(c) Agricultural Unions.*

We have already noted that in the Central Provinces there are 8 Societies described as Agricultural Unions. These have as their object the production and distribution of pure seed, generally either wheat or cotton, and are of exceptional interest as representing a co-ordination of the work of co-operative societies with that of the Agricultural Department. The Registrar's account of the organisation of the first Unions formed in the Central Provinces is as follows:

" In October last I outlined before the Simla Conference of Registrar a system of Agricultural Unions, and of this system the Conference expressed its approval. Briefly, my idea is to form Unions consisting either of credit societies or of members of credit societies, and to attach to these Unions, Kamdars (i. e. Managers) selected by the members themselves from amongst their own number, trained by the Agricultural Department and remunerated by the Unions. In this way the Agricultural Department will be supplied with an auxiliary unofficial staff ; and it is far easier to deal systematically with organized co-operative bodies than with numbers of scattered private individuals. In December last I placed my scheme before a special sub-committee at the Akola Agricultural Conference and Mr. Saranjame, Extra-Assistant Commissioner, was then placed on special duty for three months to form, under my direction, a few experimental Unions. This officer, working in co-operation with the Agricultural Department, organized three Unions in the Akola District, and one in the Yeotmal District. The number of members in these four Unions

128, and the number of villages served is 26. The object of the Unions is the production of pure *Rosea* cotton and the increase of the supply of pure *Rosea* seed. Work was commenced with 10,980 lbs. of seed obtained from the Government Farm at Akola and 29,300 lbs. of seed from private farms. In this, the first season's working, 3,285 acres have been sown with pure *Rosea*. Kamdars have been appointed and are now being trained by the Superintendent of the Government Farm, Akola. Special arrangements are being made for the ginning of the cotton produced by these Unions.

Three similar Unions have been formed in the wheat-growing tract of the Sihora Tahsil. In this case the Unions are composed of co-operative societies each of which appoints a Manager who is responsible for seeing that the individual members carry out the rules intended to secure that each variety of seed is kept pure. The Managers (*Kamdars*) of the various Societies form the Union Committee. A Central Seed Agency has been established in connection with the Unions, and has its headquarters in the buildings of the Crosthwaite Central Bank, Sihora. This agency registers orders for seed and arranges for its supply. It also arranges for the disposal of the surplus product in bulk. The members of the co-operative societies borrow from the Central Bank on the usual terms in order to purchase the seed they require. The 3 Unions control an area of about 2,600 acres.

Another Union, making eight in all, has been formed in Betul. It has 28 individual members who are the largest landholders in the District, and has been formed to introduce among all the cultivators in the District the improvements advocated by the Agricultural Department. Like the Unions already mentioned, it has begun with the production of pure seed.

## § 2. TRANSACTIONS OF CENTRAL SOCIETIES DURING THE YEAR 1912-13 AND SITUATION AT THE END OF THE YEAR.

In Table IX we show the Receipts and Disbursements of all Central Societies, including the 8 Agricultural Unions referred to above, and in Table X the Balance Sheet as at June 30th, 1913.

The Total Income for the year is Rs. 3,14,91,453 as against Rs. 1,68,54,977 for the previous year; the Total Expenditure Rs. 3,15,31,088 as against Rs. 1,64,51,878. The increases shown are certainly large but it must be remembered that the number of Central Societies has increased from 120 to 251 and that some at least of the new societies are much above the average in size and importance.

The Reserve Fund has increased during the year from Rs. 1,17,150 to Rs. 3,14,688. As we have already noted, the Profit and Loss Account which has hitherto been published is no longer included in the official returns.

TABLE IX. — *Central Societies : Receipts and Disbursements, 1912-13*

Receipts		Disbursements	
	Rs.		Rs.
Share Payments . . . . .	11,47,407	Share Capital Withdrawn . .	36,720
Loans and Deposits :		Members' Deposits Withdrawn	65,43,486
By Members . . . . .	52,72,420	Loans Repaid to :	
By Non-members . . . . .	1,28,70,796	Government . . . . .	10,264
By Other Societies . . . . .	4,72,389	Central Societies . . . . .	8,39,611
By Government . . . . .	6,600	Other Societies, . . . . .	2,18,574
By Central Societies . . . . .	17,49,169	Non-members . . . . .	68,63,402
Loans Repaid by :		Loans to Members :	
Members . . . . .	7,84,881	On Personal Security . . . .	6,65,522
Central Societies . . . . .	12,78,817	On Mortgage Security . . . .	1,02,853
Other Societies . . . . .	60,97,946	Loans to Central Societies . .	17,63,277
Interest Received . . . . .	12,14,451	Loans to Other Societies . . .	1,27,32,111
Sale of Goods to Members . .	7,657	Interest Paid on Loans and	
Other Income . . . . .	5,88,920	Deposits . . . . .	7,00,230
Total Income of Year . . . .	3,14,91,453	Dividend and Bonus Paid . .	1,15,967
Opening Balance . . . . .	10,10,868	Stock Bought . . . . .	28,620
		Establishment and Contingen-	
		cies . . . . .	1,54,755
		Other Items . . . . .	6,32,737
		Carried to Reserve . . . . .	94,816
		Total Expenditure . . . . .	3,15,31,088
		Closing Balance . . . . .	9,71,230
Grand Total (including		Grand Total (including	
Opening Balance). . . .	3,25,02,321	Opening Balance). . . .	3,25,02,321

TABLE X. — *Central Societies: Balance Sheet.*

Assets		Liabilities	
	Rs.		Rs.
Cash in Hand and Bank . . . . .	9,68,512	Loans and Deposits:	
Value of Investments . . . . .	6,85,623	From Non-members . . . . .	92,13,761
Loans Due:		From Other Societies . . . . .	21,25,180
By Members . . . . .	8,72,547	Loans from Government . . . . .	57,865
By Societies . . . . .	1,73,47,840	Deposits of Members . . . . .	48,29,182
Interest Due to Societies . . . . .	4,73,157	Share Capital . . . . .	28,02,996
Value of Stock in Hand . . . . .	23,813	Interest and Dividend Due by	
Other Items . . . . .	1,40,550	Societies . . . . .	3,97,917
		Cost of Management Due . . . . .	6,769
		Other Items . . . . .	3,33,891
		Reserve Fund (Undistributed	
		Profits) . . . . .	8,14,688
		Total . . . . .	2,00,82,249
		Balance (Profit) . . . . .	4,29,793
Total . . . . .	2,05,12,042		2,05,12,042

From the above Balance Sheet we extract the different items which make up the Total Capital at the disposal of Central Societies. These are shown below in Table XI in absolute figures and as percentages, and are compared with the corresponding amounts and percentages for 1911 and 1912.

TABLE XI. — *Central Societies: Sources of Capital.*

Source	1911		1912		1913	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
	Rs.		Rs.		Rs.	
Loans from:						
Non-members . . . . .	20,96,217	42.2	49,16,023	48.6	92,13,761	47.7
Other Societies . . . . .	1,99,135	4.0	7,19,148	7.0	21,25,180	10.9
Government . . . . .	1,82,294	4.0	98,956	0.9	57,865	.3
Share Capital . . . . .	7,44,343	15.1	17,04,696	17.5	28,02,996	14.6
Deposits by Members . . . . .	16,80,651	34.1	25,01,365	25.0	48,29,182	24.9
Reserve Fund . . . . .	31,695	0.6	1,17,150	1.0	3,14,688	1.6
Total . . . . .	49,34,335	100	1,01,17,338	100	1,93,43,672	100

It will be seen that nearly half of the Total Capital is furnished by Non-members and one quarter of it by Members. The porportion which consists of Government Loans is almost negligible.

\* \* \*

We referred in our Introduction to a *Statement* specially prepared for the use of the International Institute of Agriculture, which appears for the first time in the official returns. We shall conclude this article by presenting the information contained in this special *Statement* in a Table which shows in a convenient form most of the data relating to Agricultural Societies and Central Societies with which we have been dealing.

TABLE XII. — *Abstract of Information for the Use of the International Institute of Agriculture.*

	Agricultural Societies	Central Societies
<b>Class of Societies.</b>		
Credit . . . . .	11,296	242
Purchase, and Purchase and Sale . . . . .	3	—
Production . . . . .	2	8
Production and Sale . . . . .	13	—
Insurance . . . . .	63	—
Other Forms of Co-operation . . . . .	5	1
<b>Type of Societies.</b>		
Central Banks . . . . .	—	101
Central Banking Unions . . . . .	—	65
Unions . . . . .	—	85
Limited . . . . .	136	—
Unlimited . . . . .	11,246	—
Number of Societies . . . . .	11,382	251
<b>Number of Members</b>		
Individuals . . . . .	167,378	22,909
Societies . . . . .	22	6,871
<b>Number of Affiliated Societies.</b>		
Central Credit . . . . .	—	54
Agricultural Credit . . . . .	22	8,207
Non-agricultural Credit . . . . .	—	240
Others . . . . .	—	8
<b>Loans Made To:</b>	<b>Rs.</b>	<b>Rs.</b>
Individuals . . . . .		
{ On Personal Security . . . . .	1,93,67,104	6,65,542
{ On Mortgage Security . . . . .	22,30,671	1,02,893
Societies . . . . .		
{ Local . . . . .	8,14,821	1,27,32,161
{ Central . . . . .	2,54,229	17,63,273
Value of Goods to Members . . . . .	78,238	843
Purchase of Members' Products . . . . .	58,899	424
Cost of Management . . . . .	1,93,323	1,62,743
First Usual Dividend Paid on Shares . . . . .	6 $\frac{1}{4}$ %	6 to 9 %
<b>First Usual Rate of Interest.</b>		
On Deposits . . . . .	6 to 9 %	6 %
On Loans . . . . .	9 $\frac{3}{8}$ to 12 $\frac{1}{2}$ %	9 %
<b>Assets Due.</b>		
By Individuals . . . . .	2,58,03,471	8,72,547
By Societies . . . . .	14,98,569	1,73,47,840
Share Capital . . . . .	37,84,975	28,02,996
Members' Deposits . . . . .	29,40,799	48,29,182
Loans from Government . . . . .	9,96,795	57,865
Reserve Fund . . . . .	10,68,198	3,14,688



## SPAIN.

### TWO ROYAL ORDERS OF IMPORTANCE FOR THE AGRICULTURAL SYNDICATES.

#### SOURCES :

- REAL ORDEN DE 28 DE MAYO DE 1914 RESOLVIENDO EL EXPEDIENTE INSTRUIDO SOBRE CONCESIÓN DE EXENCIONES A LOS SINDICATOS AGRÍCOLAS Y DESPACHO DE LOS ESPEDIENTES DE ESTA CLASE, HOY DETENIDOS. (*Royal Order of May 28th., 1914, in reference to the Exemption of the Agricultural Syndicates from Taxation and the Course to be Pursued in Reference to the Applications for Exemption, now under Consideration*). Gaceta de Madrid, No. 122, June 23rd., 1914.
- CREDITO A LOS SINDICATOS AGRÍCOLAS (*Credit for the Agricultural Syndicates*). Revista de Economía y Hacienda, No. 31, Madrid, August 1st., 1914.

Although the movement in favour of agricultural association in Spain only commenced recently, it has already acquired a certain importance. Up to the present this has been for the most part due to private initiative as since the promulgation of the law of 1906 on agricultural syndicates — opening the way for rural co-operation — and the publication of the executive regulations in connection with it, no other official steps have been taken to encourage the formation of agricultural groups of the kind or other similar organizations. The result has been that in most of the cases in which agricultural association has come into conflict with other interests it has had to give way.

However, the inherent force of the movement in favour of association, when the prejudices and distrust of the peasants had once been overcome, was so great that, in spite of everything, agricultural social institutions multiplied everywhere and succeeded in making their desires known to the Government which, fortunately, gave them a willing hearing.

So, for some time, agricultural association has been receiving special attention in Spanish Ministerial circles. Proof of this is given by the two measures of which we shall now speak, and which are, without doubt, of extraordinary importance for the movement.

#### § 1. EXEMPTIONS GRANTED TO THE AGRICULTURAL SYNDICATES.

The law of January 28th., 1906, on agricultural syndicates, the object of which is to promote their constitution and facilitate their work, conferred the following privileges upon them: (a) exemption from stamp duty and

other taxes on deeds relating to their constitution, modification, union or dissolution; (b) similar exemption in the case of acts and contracts to which a syndicate, as a civil person, is a party; (c) refund of customs dues paid by them when importing machinery, implements, seeds, breeding stock etc., for the improvement of their farms or their cattle.

The effects of this law have been excellent, for many syndicates have been formed in a short time in the whole country, showing the advisability and utility of the grant of the above privileges.

However, after some time, the special administrative departments concerned began to maintain that the provisions of the law of 1906 establishing the customs tariff and the Finance Law of 1910 had implicitly limited these exemptions. This gave rise to many disputes settled in different ways by the competent authorities, which have led to the accumulation of a large number of applications at the Department of Finance, presented by associations desirous of being registered as agricultural syndicates (1), the number of these applications being now 764.

Now, article 8 of the Executive Regulations in connection with the law on syndicates laid it down that if, within three months from date of presentation of the application and the other documents, no definite resolution has been published in regard to them, the association must at once be registered as an agricultural syndicate. Thus, in accordance with the letter of the law, these 764 associations, must be considered as syndicates; but, in reality, it is only proposed to allow the claim in the case of 408. The 1906 law clearly empowers the Department of Finance to inspect the working of the syndicates at any moment and, in consequence, it may at any moment suppress the privileges of which we have spoken, in spite of the association being registered as a syndicate. It will be understood from what has been said that these doubts and controversies in regard to the exemptions from taxation have created an abnormal situation making the progress of agricultural association and co-operation, which the law on syndicates was intended to promote, a very difficult matter.

For all these reasons, the Department of Finance thought it advisable to consult the Council of State in full general meeting, in respect (a) to the right to the exemptions from taxation granted to the agricultural syndicates by the law of 1906, (b) to the legality of refusing by a simple Royal Order the title of syndicates to associations the applications presented by which are retained in the Department of Finance, after an unfavourable report has been received from the Fomento Department, (c) the powers of the Department of Finance when an unfavourable report has been received from the Fomento Department.

(1) The 1906 law laid it down that, once an application is presented to the Governor of a Province for the constitution of a Syndicate, it must be forwarded to the Fomento Department, for its opinion, and, finally, to the Department of Finance, which must decide whether the association applying is to be considered as a Syndicate or not.

The Council of State in full meeting, after having studied the matter at length, in view of the doctrine that special laws can only be amended by special acts and not by general clauses, and also on other grounds, gave its opinion in favour of the existence of the right to the exemption. This opinion, fully endorsed by Señor Ugarte, Minister of Fomento, was embodied in the Royal Order of May 28th., which lays it down :

(1) that the exemptions from stamp and customs duties and other taxes granted to the agricultural syndicates by the law of 1906 are not affected by the Customs Law of March 20th., 1906, nor by the Financial Law of December 29th., 1910 ;

(2) that the applications now under consideration at the Financial Department, presented by agricultural syndicates and the associations to which article 8 of the regulations does not apply, cannot be dealt with *en bloc*, but each case must be judged separately ;

(3) that, although article 8 of the Regulations must continue in force, the administration must continue to inspect the syndicates with a view to annulling authorizations given to associations not satisfying the conditions imposed by the law.

## § 2. CREDIT IN FAVOUR OF AGRICULTURAL SYNDICATES.

In a former bulletin we showed that the question of agricultural credit was the most urgent and the most difficult to settle of all the agricultural problems of Spain (1). We said also that the Government recognized the seriousness and the urgency of the question and that, although none of the many proposals presented in Parliament for its solution had been approved, it was still to be expected that the organization of agricultural credit would soon, in one way or another, be an accomplished fact. Señor Ugarte, Minister of Fomento, contemplated utilising the *Pósitos* for the purpose of this organization, and with this object he had some important works undertaken. But, as the organization required much time, and he was anxious to provide facilities for credit to workmen immediately in whatever way he could manage, he issued a Royal Order to the Governor of the *Banco de España*, which is of the utmost importance and by which the labourers belonging to the agricultural syndicates will greatly profit.

In this Order, the Minister, after recognising the vital importance of agricultural credit for the progress of agriculture, lays it down that "the agricultural syndicates and the Rural Credit Banks intended only and exclusively to provide agriculture in its various branches, on easy conditions, with the means necessary for the development of so much wealth are the only form of association which can protect the farmer and check the rural exodus."

(2) See the number of this Bulletin for June, 1914, p. 72.

However, the frequent and reiterated complaints of the syndicates of evidence of the great difficulties they meet with in their efforts to obtain the loans they require. This is doubtless due, says the Royal Order, to the incomplete knowledge the public has of the economic organization and working of these institutions. Now, as regards the agricultural credit operations conducted by the *Banco de España*, these difficulties could be reduced, in the following way: (1) the notarial deed required by the Bank before granting loans to agricultural syndicates, as it is costly and besides this does not completely answer the purpose for which it was intended, might, when the member cannot be obliged to remain in the syndicate for a definite time, be substituted, in the case of syndicates with unlimited joint and several liability, by another document, which, while not imposing a heavy charge on the syndicate, would have the same practical result; (2) the loan on pledge, if further secured by the unlimited joint and several liability of an agricultural syndicate, is a better, easier and more economical security than even a mortgage, and such loans might be granted to such associations at the lowest rate of interest possible at the moment.

The Minister's Order ended, by calling on the Governor of the *Banco de España* to make it possible that "the notarial deed required by the Bank before granting loans to the agricultural syndicates of unlimited joint and several liability be replaced by a certificate attesting that the Boards of Management have been authorized to contract the loan, on which certificate the number of members, their distribution in classes and the object of the loan must be entered; and that, when the loan is secured on pledge and by the unlimited joint and several liability of the members of an agricultural syndicate, the interest asked be not higher than 4% and that, eventually, this percentage may be increased by the ordinary discount amount of 1 ½ %."

\*  
\* \*

The two Orders mentioned above, besides being extremely advantageous for the movement of rural associations in Spain, have a special importance as clearly manifesting that the Spanish Government intends to take all the supplementary measures indispensable for the development and ordinary action of the social organization of agriculture.

## JAPAN.

### RURAL BANKS AND LOANS ON HONOUR IN JAPAN

(The *Hōtokushas* or Gratitude Societies).

#### SOURCES: (1)

- SHIDZUOKA-KEN HŌTOKUSHA JISEKI GAİYŌ (*View of the Situation of the Gratitude Societies in the Prefecture of Shidzuoka*). Office of the Interior of the Shidzuoka Prefecture, 1911.
- HŌTOKU MURISOKU SHUHŌ-KIN MEISASHŌ (*Detailed Report of the Investment of Sums on without Interest in accordance with the Hōtoku Rules*). Published by the Hōtoku Enjōsha, 1913.
- HŌTOKU ENJOSHHA TEIKWAN (*Rules of the Hōtoku Enjōsha*). 1900.
- CHOSON HŌTOKUSHA JIYŌ ICHI RAMPYŌ (*Account of the Business of the Dependent Society*). Published by the Dai-Nippon-Hōtokusha, 1911.
- HŌTOKU BEIKIN TORI-SHIRABE HŌKOKUSHŌ (*Reports on the Investment of the Money and Grain Deposited with the Society*). Published by the Suruga-higashi-Hōtokusha, 1911.
- DAI-NIPPON-HŌTOKUGAKU YŪKAIRŌ (*Bulletin of the Friends of Hōtoku*). Published by the Dai-Nippon-Hōtokusha, 1912.
- DAI-NIPPON-NŌKWAI-HŌ (*Bulletin of the Japanese Agricultural Society*). May, 1913.
- TAISHŌ 2 NEN DO DAI-NIPPON HŌTOKUSHA SHUSHI SOKEI YŌSAN (*Estimates of Revenue and Expenditure of the Dai-Nippon-Hōtokusha for the 2nd Year of Taishō*, 1913).
- SAIFUKU (Z.): Fukoku shokei (*The Way of the Nation's Wealth*).
- OKADA (R.): Musokken-oichi-daiki (*The Life of the Venerable Musokken*).
- Gojin shichihō ari (*Our Seven Treasures*).
  - " Tanzan ronshu (*Collection of the Tanzan Discourses*).
  - " Kappō keizai ron (*Discourses on Economy in Living*).
  - " Hōtoku kyōgaku (*The Doctrine of Hōtoku*).
  - " Hōtoku saika dan (*Discourses of the Great Disciples of Hōtoku*).
  - " Dai ni kwai junkwai kiko (*Accounts of the Journey of the Second Course of the latter*).
  - " Jokoku shisho (*The Good Governor's Guide*).
  - " Hōtoku enzetsu hikki (*Notes on Hōtoku Readings*).
  - " Hōtoku fukoku ron (*Discourse on the Happiness procured for the Nation by Hōtoku*).
  - " Gunchū shōshi setsu roku (*Register of Gifts of Filial Piety in the Province*).

#### CHAPTER I.

##### GENERAL VIEW.

We must not be surprised to find in Japan social institutions corresponding almost perfectly in their economic and moral base and their objects with similar European institutions. This is the result of a similar attitude of the collective spirit, due to a similarity of environment.

(1) Several of the books, the titles of which are here given, are not on sale.

Thus it is that the rural banks of Japan and those of Germany of the Raiffeisen type assumed nearly the same forms although originating at very different epochs and among peoples whose civilisation, sentiments and needs would seem to us at first sight extremely different.

### § 1. THE RAIFFEISEN BANKS AND THE HÔTOKUSHAS.

When, in 1849, a year before the foundation of the first *Vorschussverein*, Raiffeisen, the burgomaster of Weyerbusch, established the first Raiffeisen at Flammersfeld, old Japan, many years before it was opened to European civilisation, already possessed organisations of the same kind, the *Hōtokushas*, instituted more than half a century earlier.

Impressed by the unhappy situation of their countries, the poverty which weighed on them and the difficulties of every kind with which the unfortunate country had to contend, Ninomiya Sontoku in Japan and Raiffeisen in Germany dedicated their whole lives and all their activities, and sacrificed the whole of their personal fortunes to the holy cause of the regeneration of the rural populations.

Inspired by the same generous impulses of the soul, both of them, sheltered in the rigid principles of religions assumedly very different in their metaphysics, but still nearly allied in their practical morality, they met by founding social institutions of the same type, on the same basis and of form differing very little from each other, at least at the start.

Profound alterations have in fact taken place in each, above all in the *Hilfsvereine*, which, transformed into *Darlehenskasse*, have had, in order to adapt themselves to the masses which they have reached in their considerable expansion, to abandon the very high ideals of the founders with the circumstances of natures less exalted, but just on that account more human.

The Raiffeisen Associations have conformed to the truest logic, that of life. Those of to day are the regular and natural fruit of the seeds sown by the great idealist. The oak, though not resembling the acorn, is none the less the continuation of it.

### § 2 EUROPEAN BANKS FOR LOANS ON HONOUR.

Every day we see new fruits of idealism appear. Such are the banks of loans on honour the Paris Academy of Moral and Political Science recently invited experts to study.

One of the prize winners in the competition opened, M. Olphe-Galliard, arrived at the following conclusions:

"If we keep", said he, "to the theoretical idea of the loan on honour, and consider it as a form of credit from which all idea of pure charity is

excluded, we must reserve the benefit of it for borrowers capable of meeting their obligations without being bound by any other security than their own honesty and their aptitude for improving their position. We see how the object of the loan on honour will be afterwards transformed. It will no longer be granted to the class of workers momentarily in difficulties with the object of helping them over critical moments in their existence, and saving them from misery: this class only assists individuals possessing the above qualities by way of isolated exceptions. The bank customers will have to be recruited amongst the best workers and there will have to be a selection, even more rigorous than that made by the people's banks, since, the external security being less, the personal security based on intellectual and moral development, must increase in proportion." (1)

It is all, in fact, a question of moral education.

### § 3. ENVIRONMENT IN WHICH THE HÔTOKUSHAS DEVELOPED: THE JAPANESE PEASANTS.

If, as we shall see, the Japanese *hôtokushas* have been able to develop and prosper, in spite of their character of benevolent institutions, it is because they found the moral atmosphere necessary for their success.

Let us say at once that they are societies, which, while their object is moral improvement, also have economic ends in the advantages of which all their members do not directly participate. No one profits by them except those whose needs urge them to have recourse to the Societies. They are finally real co-operative societies, which, whether they are benevolent institutions or not, lend on no other security than the honour of the borrower. The results obtained by these associations are so satisfactory — the reader will soon be able to convince himself of it — that we are surprised into admiration of the incomparable moral level attained by the members, though so destitute and miserable! It is for us Westerners a real enigma. Let us try at least to solve it.

It is only possible to understand the social phenomena of Japan and a profound study of the conditions in which they have developed and their *real causes*. We emphasize this word *real*, for, if the study of the situation generally, only presents difficulties of a purely material character, the same is not true of that of the causes, with regard to which it is easy to be mistaken. It is scarcely possible, in the case of the *hôtokushas*, to make a profound and careful analysis of these conditions and these causes in a simple short monograph. Let us limit ourselves to what is essential for the consideration of the *hôtokushas* in the real environment in which they were instituted.

(1) G. OLPHE-GALLIARD. *Les Caisses de Prêts sur l'honneur*, Paris, Giard et Brière, 1913, page 164.

The Japanese peasant differs profoundly from other peasants, especially from those of western lands. Simple, sober, honest, straightforward, he preserves to-day the real character of the ancient Japanese. A faithful disciple of the Shintoists, he leads a humble life, trustful and undisturbed in the presence of the Unknown. A fatalist, like all good Orientals, he is not anxious about the future; he knows that he must in the first place trust to himself, and his trust in himself will not fail him so long as he is worthy. This idea may seem to us somewhat exaggerated, a little too ideal to be true. However it only expresses the simplest truth and whoever knows Japan well knows there is no shadow of exaggeration in it.

If his mysticism, is, sometimes, rather superstitious, if his morality may sometimes seem too different from ours for useful comparison, it is, however, undeniable that the Japanese peasant is, without exception, before all things honest. He would not understand the crafty prudence and the eager greed of the peasants of Balzac or Maupassant.

His fatalism, however, is not like that of the Mussulman, inactive and apathetic; Japanese fatalism is a kind of enlightened resignation which, together with the strength to bear the inevitable, gives also courage for the struggle and the hope of possible improvement. One must see the Japanese peasant bent over his rough work in the little ricefield he tends as carefully as the prettiest garden, watching its slow progress from hour to hour: one must follow him in his persevering and unremitting struggle against all those obscure enemies of his success; worms, snails, insects of every kind, and parasitic plants which might deprive the delicate stem of a small portion of its nutriment; one must see him at his patient work in order to judge, with complete knowledge of the treasures of kindness, resignation and persistence in his simple and profound character.

But these are not the only qualities the Japanese peasant possesses: he has others no less appreciable. Few countries are ravaged so often as Japan by the furious rage of the unchained elements; few peasants so often see inundations, typhoons and earthquakes, destroy the results of their labour, which should have rewarded them for a whole year of sacrifice and hope. Not a year passes without these causes plunging into the most frightful misery thousands and thousands of families and, unfortunately, there is no human force that can stand against these disasters, which too often assume really crushing proportions. It is therefore no wonder that, in these circumstances, the need of mutual aid has taught men a charity almost unknown elsewhere and that mutual assistance has developed in more complete forms than in the West. Let us add that it has also assumed purer and more ideal forms and let us also remember that there has been no need for it to change its form as it developed.



## CHAPTER II.

## HISTORICAL SKETCH.

## § I. NINOMIYA SONTOKU: HIS LIFE AND WORK.

The history of the origin of the *hōtōkushas* in Japan is identical with that of the great Japanese philanthropist, Ninomiya Sontoku.

Sontoku (literally, Venerable Virtue) is the name given to Ninomiya Kinjiro after his death by his grateful and devoted compatriots. Ninomiya was born in a little village in the province of Sagami, on July 25<sup>th</sup> of the seventh year of the period Tenmei (1791). His family was exceedingly poor, and the young Sontoku had to adopt the hard trade of a wicker cutter in order to gain his livelihood and assist his aged mother and his two younger brothers.

In the day time he went to the forest to do his rough work; in the night when it was not necessary for him to go down to the village to cut the wood he had cut in the day, he plaited straw, of which he made shoes or *waraji*, a kind of sandals in very common use among the Japanese peasants. However, this laborious life did not prevent his devoting himself to study. He eagerly consecrated to it his rare leisure-hours. When at the age of sixteen he lost his mother, he was taken by friends into the family and treated as one of themselves. But soon he was obliged to leave these people, and a life of privations began again for him and this was really a recommencement of his apprenticeship to poverty. However, his work was not laborious; his compassion was not confined to himself; it extended to his unhappy neighbours. If he suffered, it was not from realising his own wretchedness but because he was unable to relieve others.

We may find in Sontoku all the devotion, all the self sacrifice and all the love of Christian charity without, however, the least shadow of religious exaltation.

At the beginning of the nineteenth century, there lived in Japan a man of noble sentiments, the Prince Okubu, who ardently desired to improve the moral and material condition of the people in some way.

For a long time he had pursued his object without being able to attain it, for want of men capable of assisting him in realising his ideas. Now the report of the virtues of Ninomiya was already widely spread, though the new apostle was still very young, for he was only twenty two years of age.

Okubu made his acquaintance, valued him, became attached to him and decided on making him his associate. The character and intelligence of Sontoku were the surest guarantee of success. The prince charged him to study the most efficient means for the re-establishment of order and the improvement of morals in the fiefs of a younger branch of the Imperial family at Haga, in the province of Shimotsuke. Sontoku went there and was not slow to discover the deplorable condition of the country. 1

then sent the Prince a detailed report in which he considered the matter both from the moral and the material point of view. "As the material regeneration of the country can only be effected by means of its moral regeneration, we must begin with that. But very often moral deterioration is only the effect of poverty which obliges the unfortunate to make life compromises with their consciences and gives too good an opportunity to swindlers and procurers.

The material prosperity of the country and its moral purity are therefore indissolubly connected and the one can never be attained without progress being made in the direction of the other." So wrote Sontoku to Okubo and it was on this occasion that he had an opportunity of divining the moral and regenerative force of the idea of co-operation, which he called the principle of "mutual aid and independence". We shall return later to the ideas of Sontoku; let us confine ourselves for the moment to a few details in regard to his laborious and beneficent life.

On receiving Sontoku's report, Okubo with all his heart accepted his plan and begged him to put them in practice. In 1826, Sontoku sold all that he possessed. We must not be astonished. We shall see later on that some of his disciples did as much. For the moment, he betook himself to Sakuramachi. His presence, his tact, his example and kindness produced the results he desired and, in eight years, the conditions of the country and the morals of the inhabitants were radically changed.

The news of what Sontoku had accomplished soon spread through the land; admiration and enthusiasm only served to increase his prestige. The moral principles of co-operation and self denial spread gradually through the country and reached the poorest villages and those most secluded in the midst of forests and mountains. They soon became the treasure of the poor, who saw in them the way to hope and safety, and of the rich, who welcomed them as promising happiness to the people and moral health for the country.

After this the life of Sontoku was one perpetual journey through the poorest and most unhappy districts. We see him in the provinces of Noto and Rikuchû, at Sagami, Suruga, and Izu, effectively collaborating with the philanthropic work of Okubo.

In July, 1847, at the age of fifty six, he was called to be a member of the *Bakufu* (1). Profiting by his new position, he did everything in his power to extend the system of loans without interest or at a very low rate in order to facilitate the development of agriculture; this was the economic application of his moral principles. But his work was not yet finished. Since 1844 he had been directing the clearing of the land in the neighbourhood of Nikkô; later on, we again find him in various provinces where he brought his message of love together with his active and laborious assistance.

(1) The *Bakufu* was the Government of the Shoguns, organized in 1190 by Yoritomo Minamoto.

All his laborious and varied occupations did not prevent him from devoting himself to study. He found the time to write sixty volumes on the art of enriching the soil (*Fûkoku hôhō*). In 1855, his desire to do good and his love for the peasants called him once more to Imaichi, near Nikkō, where there was a long and very difficult work to be accomplished in clearing and draining the soil. He was old and ailing, but his presence was needed: he went. He was attacked by fever, the fever of those marshes he wished to transform: he struggled energetically for two years, but his strong constitution was exhausted and he gave way to the malady which was to conduct him to the tomb on October 20th., 1857. He died like a good soldier, on the field of battle, leaving a glorious legacy of generous and fruitful thought.

The death of Ninomiya Sontoku did not arrest the practical application and development of his ideas.

The number of mutual aid societies increased each year: almost every village of Central Japan had its little association, a simple fragment, a small germ in which the thought of the philanthropist survived: it was not yet the *hōtokusha* of to-day, but something foreshadowing it. Under the rule of the Tokugawas the law was very severe in regard to associations of all kinds: it forbade any kind of society of more than five members: the word *association*, employed above to indicate the first groups of Sontoku's disciples, must therefore not be understood in its ordinary sense. These groups were quite simply communities of persons united exclusively by mutual consent and undertaking amongst themselves to observe certain principles of social and moral solidarity. Later on, when under the Restoration, the new government allowed the formation of societies of every kind, *hōtokushas* were formed of the kind we may study to-day. They continued the tradition of the original thought of Sontoku and carried it to a very high degree of perfection in practice. By the side of co-operative societies of Western type, they formed a potent group of purely native character. This we shall have an opportunity of seeing later on and we shall then study the reciprocal influences of these types of association on each other.

Let us then add here that, in the twentieth year of Meiji (1887), the Emperor Mutsu-Hito decreed the erection of two Shintoist temples to Ninomiya Sontoku, one of which was built at Odawara, and the other quite close to Nikkō, just where the generous protector of the unfortunate and destitute ended his life of labour and self denial.

## § 2. THE HŌTOKU: ITS SIGNIFICATION: ITS RULES.

It would not be accurate to assign a religious basis to the *hōtokusha*. They originally formed a sort of community of members for everything relating to certain exclusively moral principles, called *hōtoku* principle. We never find, in the rules, or the reports of the associations the least

allusion to any religious form whatever, if we except the annual visits to the tombs and the temples dedicated to Sontoku or the benefactors to whom the *hōtokushas* owe a quite special gratitude. But we absolutely must not see in such visits any religious tendency, but only a simple tribute of respect and recognition the associations pay to their benefactors. At most we may see in them a manifestation of that Shintoist character, which inspires every manifestation of the Japanese soul. It must not be forgotten that to-day especially, there is no longer anything solemn, or severe or absolute in the Shintoism of Japan.

It is rather a religion of gratitude and tenderness and, independently of any form of religious worship or any dogma, these sentiments are the natural expression of the goodness of the human heart.

The word *hōtoku* signifies recognition. In that word, we find the whole moral basis and reason for the existence of the *hōtokushas* or gratitude societies. To explain the true value of this moral principle, we shall make use, as far as possible, of the very words to be found in the interesting pamphlet of the Office of the Interior of the Prefecture of Shizuoka in regard to the *hōtokushas* (1).

The whole doctrine of *hōtoku* may be summed up in a single phrase : to return good for good, benefit for benefit, to reward virtue with virtue. That is to say we must always, in every way acknowledge the benefits we have received from others. This recognition must not be limited to simple compensation, which, also, would be very often impossible, but must be extended to all our neighbours, even to all nature. A favour or a benefit, received from anyone whatever, always obliges us to act virtuously, so that a perpetual current of kindness and love may be established between the most privileged and fortunate and the most unhappy and destitute.

But what are the favours a man can receive and from whence do they come? Like the bounty of Nature they are infinite and may be received from Nature, from the State, the Sovereign, our ancestors, our relatives and society. The most important or, at least, those that Sontoku considered such, are those received from the Nation and the Sovereign and they are those that most impose obligations upon us. But in Ninomiya's original idea of the *hōtoku*, we find no degrees in the duty of gratitude, which is always absolute for every worthy and virtuous man. Our whole being, all our intellectual, moral or material possessions are gifts, which we owe to some one. The life given us on earth is a favour from our parents ; our fortune and our education are favours from our parents and ancestors. The material development of all living beings is due to Nature ; their moral development is a benefit received from their parents ; their intellectual development a benefit from society.

Here is a singularly characteristic text : " If we see at every moment thousands of labourers working for us," writes Sontoku, " if countless peasants plough the fields to give us our daily bread, it is to Society we owe

(1) *Shizuoka-ken hōtokusha jiseki gaiyō* (Account of the *hōtokushas* of the Prefecture of Shizuoka.)

it, and to Society we must be grateful. And again man, only because he is man, a creature privileged in Nature, must be grateful to Nature and is by the practice of virtue he will show his gratitude, which alone will render him worthy of his privileged position in Nature."

Let us add that, in its simplest and purest expression, *hôtoku* is the realisation in act of this conception of life.

In practice, it is based on four essential principles: absolute sincerity, indefatigable energy in labour, the consciousness of one's duties, and the spirit of generosity.

(1) Nature, the innermost profound essence of all things is a manifestation of the Supreme Will and the way of salvation consists in the regulation of one's conduct according to nature which is the highest expression of Truth.

We can only approach it by means of the most absolute sincerity which is, thus, the origin and basis of all human duty.

(2) Our wealth and rank are the result of the indefatigable labours of our parents, just as their wealth and rank were derived from the labours of their ancestors: it is therefore by our work, which will one day ensure the fortune and nobility of our descendants, we must acknowledge the favours we have received. Our economic conditions always correspond with our work, which is, consequently, a duty we owe to ourselves. But alas! too often, neither toil nor virtue can save us from poverty; and this is why our absolute duty is to aid each other.

(3) In stooping to assist the unhappy who suffer, the rich and powerful only acquit themselves of a duty they could not evade without compromising their dignity as men; the poor who are the objects of beneficence are not humiliated, for they know that their benefactor is enabled by it to act in proportion to the sacrifice he has made.

(4) As regards the spirit of generosity, Sontoku did not only embody it in the general sense we are accustomed to attribute to it: he went further. "We must give up for others," he writes, "the benefits and advantages we could enjoy alone: we must be able to renounce them."

Thus the Prince will renounce them for the welfare of the country, the vassal for that of the prince, the son for that of his parents, the husband for his wife, friends for each other, the young for the old. Each one finds its reason for existence and every sacrifice its highest compensation in this spirit of self devotion and self denial which becomes loyalty to the Sovereign, filial piety to parents, and charity, benevolence, and self-sacrifice for the common good when applied to the great human family."

Ninomiya Sontoku summed up his whole moral theory in two principles, a kind of dodecalogue which every good disciple of *hôtoku* must know by heart and strictly conform to. We give them here in a translation we have made; the form is, alas! very different from the original monumental style in which these precepts are expressed in the original language. Still we have thought best to give them here *in extenso*, because they form an integral part of the *hôtoku* of which they are the essence.

from the basis of the model rules of the *hōtokushas*, of which we shall speak later. The following are Sontoku's principles:

- 1st. The existence of parents is a manifestation of the divine will.
- 2nd. The existence of our material body is due to the physical development of our parents.
- 3rd. It is from the diligent commerce of husband and wife their descendants derive their existence.
- 4th. The wealth and nobility of our parents are due to the real services rendered by our ancestors.
- 5th. We derive our wealth and nobility from the treasures of heroism and virtue of our parents.
- 6th. Our descendants will derive their wealth and their nobility from our diligence in our work.
- 7th. The duration of our physical life depends on our clothing, food and dwellings.
- 8th. Our clothing, food and dwellings depend upon the condition of the fields, rice fields and forests.
- 9th. The condition of the fields, ricefields, and forests is an immediate consequence of the assiduous toil of the labourers.
- 10th. This year's clothes and food depend on last year's harvest.
- 11th. Next year's clothes and food depend on the conditions of this year's harvest.
- 12th. Let the days, the months and the years pass, but never forget the *hōtoku* principles.

### CHAPTER III.

#### THE HŌTOKUSHAS.

##### § I THEIR ORGANIZATION AND THEIR MEANS OF ACTION.

We have already given some indication of the origin of the *hōtokushas*, and we have also remarked that, before the beginning of the Meiji era they could only be purely moral associations, exerting no authority, other than the influence of the members upon each other, and this was wholly arbitrary and subject to no control.

It is not till the years following the restoration of the Mikado's authority that we find *hōtokushas* legally constituted in their present form.

The rules of the *hōtokushas* now existing differ slightly in different places, but all the societies in their general constitution follow the teaching of the Master. This is true both in regard to the special independent character of these societies and the various kinds of business they conduct. However, the object they set before themselves is essentially the same in all cases: the improvement of the conditions of public morality, the increased agricultural or industrial production of their members, the extension

and improvement of agriculture and industry, the encouragement of the works of public utility, the relief of the poorer members.

This manifold action is exercised in various ways, that may be grouped as follows :

1st. By the distribution of prizes to those members who have shown themselves deserving by their great sagacity and diligence in agriculture by some courageous and difficult action, or by exemplary conduct ;

2nd. By the grant of assistance to members victims of misfortune, disasters, accidents etc.

3rd. By the monthly assembly of ordinary meetings of members in which the most suitable means for best carrying out the precepts of the Master are studied. In these meetings very often readings are given or lectures delivered on matters of religion or morals, or on questions connected with agriculture, industry, the utilisation of water, land, manure etc. The lectures and readings are generally given by one of the Board of Management, by one of the most influential members of the association or even by one of the teachers engaged for the purpose.

Sometimes, the members are allowed to discuss freely on all matters of general interest, so as to make all, as far as possible, acquainted with the important and practical questions.

4th. By holding a general meeting once a year, in which the names of the members deserving of special rewards are published as an example for all. On this occasion, also some distinguished personages are invited to speak.

5th. By endeavouring to maintain among the members the sentiments of self denial, solidarity, and mutual aid, which form the fundamental basis of the *hōtoku*. For this purpose, the members must engage to accumulate their savings and pay them over to the Society, and place their superfluous wealth at its disposal in order to permit it to grant loans without interest or at very low interest to the dependent societies or to members engaged in industries of public utility.

## § 2. THE FUNDS OF THE SOCIETIES : THEIR INVESTMENT.

The capital of a *hōtōkusha*, generally called *hōtokukin* consists, as a rule, of three parts : *Dodaikin* (the main capital) ; *zenshūkin* (donations) *Kanyūkin* (supplementary revenue). We must observe that the translation we have given of these words is only very approximate, as the reader will be able to see for himself from the following explanations. (1) :

*Principal Funds.* — The principal funds (*dodaikin*) are meant to serve as the economic basis of the society and are derived, generally, from the contributions of members (entrance fees) and donations made by speci-

(1) *Dodaikin* means literally : money (accumulated as a) mound ; *zenshūkin* : money from a virtuous source ; *kanyūkin* : money added to revenue.

prefactors. Sometimes the Central Society grants some of the dependent societies a certain amount to form or increase their *dodaikin*, according to circumstances. Finally, to the principal funds are added those amounts the borrowers, simple members or adherent societies, that have obtained money without interest, are bound to give the Society as a mark of gratitude, for returning all the loan. Generally, this additional amount, given as evidence of gratitude (*genjōkin*), is equal to a proportion of the annual instalment paid.

The *dodaikin* may in no case be returned to the donor. Generally, these principal funds are only used for the grant of loans, but they may be locked in a bank or used for the purchase of public securities or land. The interest on them is utilised for the grant of prizes to members who have specially distinguished themselves in their work or by their conduct, or else for donations under the name of succours or encouragements to the more needy members. Sometimes part of the interest is also used for the construction or the repair of country roads, canals, bridges, dykes etc. or for clearing the land. The working expenses of the Society as well as the donations made to benevolent associations are paid out of the interest on the *dodaikin*.

*Donations.* — The *zenshūkin* is generally made up of amounts paid voluntarily or compulsorily by members. These amounts are for the most part derived from the personal savings of members out of the revenue obtained by their extraordinary labour. It is, doubtless, the exclusively philanthropic and generous nature of these donations which gives the special character of mutual associations to the *hōtokushas*.

According to the original regulations of the *hōtokushas*, the *zenshūkin* could never be returned to the donor during the period of the society's existence. The *Dai-Nippon Hōtokusha* and its dependent associations do not conform to this rule. These societies have fixed their assessment of donations at 10 yen (25 fr.) at an annual interest of 5 %. However, when the amount of the donation amounts to 100 yen, half can be returned to the donor, even before the subscription list for the formation of the Society is closed.

In these provisions which would seem somewhat strange in our countries, we must only see measures adopted to encourage the generosity of the contributors, who, ultimately, end by investing their money at a rate perhaps slightly lower than the banks give, but under a much simpler form, above all for the inhabitants of rural centres remote from the branch offices of the credit institutions or savings banks.

The *Dai Nippon Hōtokusha* and its dependent societies also differ from the other societies in regard to the method of investing the *zenshūkin*.

Their rules allow them to utilise these donations for the grant of loans to members or branch offices presenting applications for the purpose of clearing their land, improving roads, forming a working capital for commercial purposes, or for covering the costs of manuring, sowing etc., whilst in other societies, all this expenditure is met out of the supplementary revenue (*kanyūkin*).



The associations not depending upon the *Dai Nippon Hōtoku* use the donations for purposes of propaganda and encouragement in the same proportion as they do the interest on the main capital. In this case, for the grant of loans to members, the associations only use the invested moneys, when the costs of encouragement and propaganda have once paid. We must observe that in the matter of the investment of funds the *Dai Nippon Hōtoku* has deviated slightly from the letter of the original spirit of the Master's rules, in which it is laid down that the same must be exclusively made out of the supplementary revenue.

But it is not difficult to understand that the increase of the loans granted to members was a *sine quâ non* of the development of the association, and that absolute obedience to Sontoku's rules had necessarily led the way to the economic requirements of the societies.

In all these cases the *zenshūkin*, which is a kind of working capital, can only be lent to members or branch societies under the following conditions and for the following ends :

- 1st. Encouragement loans granted by vote of the members' meeting.
- 2nd. Loans granted to members engaged in trade, industry, agriculture, who have expressed the desire of contracting a loan for the improvement of their business situation ;
- 3rd. Loans granted to members suffering from misfortune or accidents (floods, fires etc.).

*Supplementary Revenue.* — The *kanyūkin* has really the character of a savings deposit. It consists of the total deposits of members who pay into the Society a portion of their profits. This money is gradually returned to the depositors on their leaving the Society. This supplementary revenue forms, as we have said already, the capital of the *hōtoku*, which it utilises for the grant of loans to members, or adhering associations.

Sometimes this *kanyūkin* is divided and then used for special purposes. It then receives the most various names. Thus we find special funds for the purchase of land, houses, seeds, manure etc. When the occasion presents itself, these funds are employed on the purchases for which they are set apart. For example, in the *Sugiyama Hōtoku*, we find special funds for the cultivation of oranges and lemons, the rearing of silkworms, and even a special thrift fund, called *yōsonkin* (literally, money for the good children). And again the Society provides for the necessary steps to be taken in cases of famine, earthquake, floods, or other disasters, and with this object it collects every year a certain quantity of cereals and other foodstuffs which it does not leave in its warehouses, but, in ordinary times, lends without charging interest to those of its members who, in consequence of some disaster, find themselves without food. These loans are generally repaid in kind at harvest time.

We have thus given our readers a brief sketch of these special Japanese associations which, while their economic constitution presents nothing astonishing, are none the less surprising examples of kindness, charity and human solidarity.

At the end of this short study on the *hōtokushas* we give in *extenso* the rules of one of them. The reader will thus be able to form a more precise idea of the constitution of these societies. In the foregoing pages, in fact, we have had to limit ourselves to a general outline of the subject, so as to include all the various classes of associations under one head, though, as we have already had occasion to observe, there are considerable differences between them.

The rules we give in the Appendix are those of the *Hōtoku Enjoshu*, one of the largest central societies now existing in the prefecture of Shizuoka. These rules, which have been approved by the Minister of the Interior, were published on June 19th. of the 34th. year of Meiji (1901), in accordance with article 38 of the Civil Code (1).

### § 3. CENTRAL AND BRANCH SOCIETIES.

In the provinces where the situation is most favourable to their development, the *Hōtokushas* have established a regular system of associations of three types: central associations (*honsha*); branches (*bansha*) and local societies (*sha* or *shisha*). This organization has the great advantage of enabling the societies to keep in immediate and direct contact with the population of the localities, even those most remote from the centres of importance. The costs of administration, which are almost nothing, are easily covered, owing to the great popularity of the associations which enable to live and accomplish their mission of charity, above all with the help of the donations they very frequently receive.

We have, thus, in the prefecture of Shizuoka, six large central associations, with, at the end of 1900, 509 local societies. When it is observed that in 1898 the number of these associations was only 183, we see that the popularity of the *Hōtokushas* has not diminished and that the laws on co-operative societies (of European type) have had no ill effect on the development of these associations. It must be further observed that the *hōtokushas* are really spreading in a surprising way; to form an idea of this, it is enough to note that the number of communes in the prefecture of Shizuoka is 342, and there are, as we have seen, 509 *hōtokushas* there. We must not therefore be surprised if the local societies generally are very poor and have few members; we must not forget that the *hōtokushas* were not intended to become powerful credit institutions, but are essentially mutual associations for the assistance of the unfortunate and the de-

<sup>1</sup> Article 38 of the Civil Code reads as follows: "The rules of societies with legal personality can only be passed or amended by a vote of at least three fourths of the members, except in cases provided for in the rules themselves. Any amendment of the rules must be approved by the Prefect, and only then has legal force".

stitute out of the trifling resources of individuals who are not capitalists, but themselves poor, and very often only temporarily in possession of some small savings.

A really very restricted area is therefore an essential characteristic of the *hōtokushas*: if they became important financial associations, they would necessarily lose their character of benevolent societies and assume the more general type of the Western co-operative societies.

#### § 4. SOME STATISTICAL DATA.

We may, therefore, now give some statistics of the *hōtokushas* of the prefecture of Shizuoka, without fear that the reader will consider them insignificant.

(Continued on facing page 42)

Names of the Central Societies	Number of Local Societies Founded and Dissolved in the Years														Balance
	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910		
<i>Tōtōmi-kuni Hokokusha</i> and Branches . . . . .	152	71	13	25	6 *1	10 *1	5 *2	4 *2	10 *4	16	6 *1	6 *1	17 *1	329	
<i>Suruga-kigashī Hōkokusha</i> and Branches . . . . .	28	3					1			2			6	40	
<i>Suruga-nishī Hōkokusha</i> and Branches . . . . .	2	1												3	
<i>Shizuoka Hōkokusha</i> and Branches . . . . .			5	1										6	
<i>Ewosha</i> and Branches . . . . .			79				*1	*1				1		78	
<i>Hōonsha</i> and Branches . . . . .		27	1	4										32	
Other Societies . . . . .		2	2	3	4	3	1	2	1				3	21	
Total . . . . .	183	188	17	28	14 *1	13 *1	7 *3	6 *3	11 *4	18	6 *1	7 *1	26 *1	509	

*Note.* — The figures marked by an asterisk refer to the societies dissolved, the other figures to those founded in the year.

We give below some figures showing the situation of each large group on January 1st., 1911.

Central Societies and Branches	Number of Members	Capital (yen)	Amount of Rice Deposited ( <i>koku</i> )	Amount Lent	Amount Borrowed (yen)
Dai Nippon hōtokusha . . . . .	1,952	186,889.99	2,134.94	52,054.48	—
Branches . . . . .	10,982	465,717.09	56.25	191,746.30	39,990.00
Suruga-higashi hōtokusha . . . . .	1,130	6,221.43	307.27	4,483.06	—
Branches . . . . .	1,394	63,666.64	—	40,709.18	4,841.11
Suruga-nishi hōtokusha . . . . .	463	12,497.10	—	12,497.10	—
Branches . . . . .	60	7,729.38	17.20	5,742.42	—
Hōtoku-enjōsha . . . . .	30	5,271.90	—	4,151.90	12.00
Branches . . . . .	2,586	143,547.67	174.44	104,876.75	5,030.00
Hōhon-sha . . . . .	77	2,334.90	—	1,540.00	632.00
Branches . . . . .	796	71,109.25	237.10	47,535.31	1,870.00
Shidzuoka hōtokusha . . . . .	15	358.85	—	199.90	—
Branches . . . . .	81	1,943.54	16.00	561.88	—

1 yen = frs. 2.58 ; 1 *koku* = 1 hl. 8.

Although the above figures are too general and not sufficient for a complete study, they enable us to observe two highly important facts: the development of the *hōtokushas*, far from being arrested by the economic changes, of a social and let us say moral, character, that followed the Restoration, has in some degree benefited by the new situation and has rapidly progressed. We may even observe that, in spite of the foundation of co-operative societies of European type, the *hōtokushas* have continued to extend themselves and, in our opinion, this extension will not stop at least as long as the Japanese peasant preserves those sentiments of honest self denial and disinterestedness which are to-day his most salient qualities and on which, without doubt, mutual associations of the *hōtokusha* type may be based.

But as we have spoken of the relations between the *hōtokushas* and the co-operative societies, we think it will be advisable to add a few words on the subject.

## § 5. THE HÔTOKUSHAS AND CO-OPERATIVE SOCIETIES.

We might, at first sight, suppose that the two types of societies must be absolutely unconnected with each other, on account, above all of the essential differences separating them. In fact the *hôtokushas* have only very limited economic value, above all when considered in relation to the economic development of the whole country. It is rather from the moral and social point of view these small associations have an importance no observer can deny. In fact, not only do the *hôtokushas* exert above all a highly important social control over the simple peasants but they also are a powerful incentive urging the members and even the populations merely in immediate contact with them along the path of virtue, self denial and philanthropy. This is in fact the practical ideal created by Raiffeisen, which our Banks for loans on honour attempt to realise amidst so many difficulties. It is finally the best witness the Japanese peasant can bring forward in his own favour.

The co-operative society is another matter.

It is found in Japan amongst the merchants and manufacturers and even among peasants of a somewhat higher class, whose morality differs little from that of the corresponding classes in Europe, but completely from that we have described in speaking of the very poor and sometimes destitute peasants from among whom, as a rule, the members of the *hôtokushas* are drawn. The members of the co-operative societies are hindered by a number of anxieties very often due to necessities of an economic character and by selfish sentiments and the desire of personal gain from developing the ideal principle of human solidarity, self denial and virtue which is the essential condition of the existence of the *hôtokushas*. We may therefore say that the same conditions which have placed such serious obstacles in the way of the development of banks for loans on honour in Europe would present themselves in Japan, if it were attempted to institute *hôtokushas* on a large financial basis enabling them to compete with the co-operative societies. There would first be a change in the kind of business transacted by the societies and above all there would be an impossibility of immobilising large amounts of capital which would prevent too large a grant of loans not at interest; that is to say they would not only be obliged to deviate from the Rules of the Master, but the society would end by losing all its essential moral and mystical character. The type of customers would next change: it would no longer be the poor peasant who would have recourse to the new *hôtokusha*, since he could no longer pay the entrance fee which would be too high for him, nor the interest on loans; it would be the small merchant, the small shopkeeper, the small manufacturer, and small agricultural land holder, who would become members to the exclusion of the former ones. With such members would it still be possible to think of loans on honour? We do not in any way wish to throw doubt on the probity of the Japanese merchants, manufacturers

and landed proprietors. However, it is difficult not to admit *a priori* that the uncertain conditions of industry and trade, the necessity of credit very often out of proportion to the real resources of the borrowers, and the temptation to speculate so frequent in Japan as every where else, would render very hazardous the economic situation and stability of a society which, while addressing itself to such a public, offered to grant loans on honour under such dangerous conditions. And then? The natural and logical conclusion would be: in view of the difference between the public, the environment, the objects and operations of the *hōtokushas* and the co-operative societies, the two types of society may freely live and thrive beside each other without creating difficulties for each other, and above all without entering into competition with each other.

Unhappily this conclusion is only correct up to a certain point.

In the large towns and even in the centres where commerce and industry are fairly well developed, the two forms of society, appealing each to an absolutely different public, have been able to live freely without friction. Still we may observe that in these towns and these centres there are hardly any *hōtokushas*; the co-operative societies thus have the way quite open for their development. For the same reasons, it is quite otherwise in the small inland villages, where co-operative societies would have had no inducement to develop nor any possibility of doing so: the *hōtokushas* have remained there absolutely predominant. But the spread of co-operative principles in Japan has been very rapid, as has been the case with every progressive movement; co-operative societies have not been slow to multiply even among the rural population inhabiting centres as remote as possible from the large towns, and, consequently, to come into direct contact with the natural customers of the *hōtokushas*. In spite of the difference of the ends pursued and of the customers to which the two classes of society appealed, a certain antagonism was not long in manifesting itself, as we must remember here the *hōtokushas* are not exclusively banks for loans on honour, but, in the first place perhaps, missionary societies the object of which is economic improvement by means of the observance of certain moral principles. The co-operative principle is, without doubt, far more utilitarian. The spirit of mutualism sees in the co-operative society an excellent means for general improvement through a series of individual advantages. It is, in fact, the possibility of indirect or immediate profit that induces the peasant to become a member of a co-operative society, and it would be slightly ingenuous to imagine that in his decision he is principally influenced by love of his neighbour. The contrary may be affirmed in the case of the *hōtokushas*. It is precisely the purest sentiment of self denial, self devotion, philanthropy, and compassion for the wretched, which urges the Japanese peasant to join the gratitude associations: he knows that he can gain no personal advantage, except in the case of his being himself in misfortune, or desiring to undertake some work of public utility, but not of a class which would bring him in a direct profit.

The difference of the two types of association must then produce friction and even real antagonism. If the Japanese Government understands all the advantages the national economy may derive from the development of co-operative societies, it is also perfectly aware of the enormous importance of the moral rôle of the *hōtokushas*. Dr. Teizo Ito, Head of a Division in the Department of Agriculture and Commerce at Tokio, and one of the most active and influential members of the *Dai Nippon Nōkai*, (Japanese Agricultural Society) has recently said :

"The Japanese Government sees with great interest the spread of the co-operative societies, but it also follows, with an interest certainly no less great, the work of the *hōtokushas*. There is, it is true, some antagonism between the two types of association, but, in the first place, this antagonism is rather apparent than real, and then it is exclusively limited to those localities where the economic and agricultural conditions cause the two types of society reciprocally to invade each the other's field. Unhappily, the general interests of the country are such that the Government can only follow a strictly neutral policy; it endeavours, it is true, as far as possible, to assist the development of the co-operative societies, which can in no way injure the prosperity of the *hōtokushas*, but it also endeavours not in any way to disturb the highly moral action of these latter. Thus, the civil personality of the *hōtokushas* has been recognised (it was the surest means to guarantee them against any surprise, while leaving them their independence and spontaneity, which are among their most remarkable qualities), and, again, the Government authorities never fail by their presence or by that of their delegates to give official sanction to all the ceremonies, readings, and lectures, initiated by the *hōtokushas*."

(To be continued).



## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CO-OPERATION AND ASSOCIATION.

### GERMANY.

**ZEHN JAHRE DEUTSCHE LANDWIRTSCHAFTLICHE GENOSSENSCHAFTSCHULE**, mit ausschliessendem Jahresbericht für das Schuljahr 1913-1914. (*Ten Years of the German Agricultural Co-operative School, with the Report for the Scholastic Year, 1913-1914*). German Agricultural Co-operative Library, Published by the National Federation of German Agricultural Co-operative Societies, 23rd. volume. Berlin, 1914. 64 pp.

As a result of the great progress made by agricultural co-operation, above all in Germany, a greater demand is beginning to make itself felt for employees for the management of co-operative societies. In order that such employees may be able to perform the duties incumbent on them, they must have a whole store of special knowledge they could scarcely attain otherwise than by practice. But, in proportion as the field of co-operation has enlarged, the position of the employees of the co-operative societies has increased in importance, and the need of founding special institutions for their instruction and improvement is felt more and more. In such foundations the principal part must naturally be taken by the federations, the duty of which is to direct and supervise the co-operative movement.

Among the schools started, the most important is without doubt the *Deutsche landwirtschaftliche Genossenschaftsschule* (German Agricultural Co-operative School). It was founded by the *Reichsverband des deutschen landwirtschaftlichen Genossenschaften* (National Federation of German Agricultural Co-operative Societies) in 1904, and consequently it has now been working for ten years. It is for the occasion of its tenth anniversary the volume before us has been published. It contains a complete account of the history of the school and of the results attained by it as well as a detailed report of the last scholastic year.

At first, the object of the institution was to make it possible both for employees occupied in co-operative work and others desirous of preparing themselves for situations in the service of the co-operative agricultural federations or central banks or in the ordinary co-operative societies to receive systematic instruction and be perfected in the theory and practice of every branch of co-operative work.

The first course lasted from September 19th. to October 21st. 1914 that is to say five weeks, and was attended by 41 pupils, of whom 22 were already employed in co-operative societies. In 1905 the term of the course

was prolonged to six months; the greatest importance was in fact given to the preparation of the younger employees and the aspirants to positions in the co-operative societies and it was necessary to handle the subjects more thoroughly for them. For these half-yearly courses, in fact, scholastic methods of instruction have been adopted.

In addition to the regular course, from the 2nd. to the 27th. July, 1906, an advanced course was given, to enable employees already habituated to co-operative work to extend their technical knowledge and enlighten them in regard to the most recent progress and discoveries made in connection with agricultural co-operation. Besides this, between September 20th. and 25th. 1909, a series of lectures was given for the benefit of the older employees of the co-operative societies entrusted with the management of organizations, honorary members of the co-operative societies, professors of agriculture and employees in legal and administrative offices. These advanced courses and special courses were intended to be resumed periodically, but it has not yet been possible to carry out the idea.

The ten courses at the school have been attended by altogether 351 pupils. Of these, 224 were employed in co-operative societies while 127 of the 351 were foreigners.

#### GREAT BRITAIN AND IRELAND.

PRICE (L. L.) Co-operation and Co-partnership. London (undated): Collins (The Nation's Library). 8vo. 264 pp.

This little book forms one of a series of books treating in a popular manner economic and social questions of the day. It is divided into two parts, in the first of which the author discusses the problems which the co-operative and co-partnership systems were devised to solve and indicates how, in some respects, they have failed to fulfil the hopes of their original promoters. In the second part the author outlines the positive achievements of the movement in Great Britain and Ireland.

WILLIAMS (ANEURIN): Co-partnership and Profit-sharing. London (undated): Williams and Norgate (Home University Library). 8vo. 256 pages.

This is similar in character to the book just noticed, but it deals with a more limited subject. Mr. Williams, however, does not confine himself to the United Kingdom, but describes co-partnership and profit-sharing enterprises in France and America. He discusses the relations of co-partnership to trades unionism and to co-operation and its influence in the transformation of capitalism.

## ITALY.

CASALINI (Dr. MARIO): *Co-operazione e mutualità agraria (Agricultural Co-operation and Mutuality)*, Como, Printed by A. Bari, 1914 67 pp.

In this little manual, one of the Popular Science series issued by the Italian Federation of People's Libraries and the Library of the People's University of Milan, the Author shows in a simple and clear manner how the various kinds of co-operative and mutual agricultural societies in Italy are formed and work. The paragraphs in which he speaks of the influence of political parties on the development of the modern co-operative movement, and of the importance of co operation for the small farmer are specially noteworthy.

CAMPARINI (LUGO) and RUSCELLONI (ALFREDO): *Manuale per le latterie. Appunti di legislazione, amministrazione, contabilità (Handbook for Dairies. Notes on Legislation, Management and Bookkeeping)*. Reggio Emilia. Printed by Riccardo Bondavalli 1913 244 pp.

This manual published by the National Union of Co-operative Dairy Societies, gives a systematic summary of legal, administrative and book-keeping matters for the benefit of the dairy societies. Their easy and popular style and the accuracy of their statements has enabled the authors to perform their task in an entirely satisfactory way.

CANEVAZZI (F.). *Co-operative per la produzione avicola (Poultry Improvement Co-operative Societies)*. Catania, Battiato, 1914, 68 pp.

After some information on the existing condition of the industries in connection with farmyard produce in Italy, the author gives examples from foreign countries, especially Denmark, Great Britain, France and Germany to show how very advantageous it would be for Italy to encourage the formation of Poultry Improvement Co-operative Societies

## Part II: Insurance and Thrift

### GREAT BRITAIN AND IRELAND.

#### MUTUAL PIG INSURANCE IN ENGLAND AND WALES.

##### OFFICIAL SOURCES :

- <sup>32</sup> CO-OPERATIVE INSURANCE OF PIGS (CONTAINING ALSO MODEL RULES FOR PIG CLUBS). Board of Agriculture and Fisheries. London, 1914.
- <sup>33</sup> GUIDE BOOK OF THE FRIENDLY SOCIETIES REGISTRY OFFICE (ANNUAL). London.
- <sup>34</sup> MUTUAL INSURANCE OF LIVE STOCK. Leaflet No. 221 of the Board of Agriculture and Fisheries. London, 1909.
- <sup>35</sup> EDDY PIG CLUB. In the *Journal of the Board of Agriculture*, October 1912. London.
- <sup>36</sup> CO-OPERATION IN AGRICULTURE IN 1912. In the *Board of Trade Labour Gazette*, May, 1914. London.
- <sup>37</sup> CO-OPERATIVE AGRICULTURAL SOCIETIES IN THE UNITED KINGDOM. In the *Journal of the Board of Agriculture*, May, 1910. London.
- <sup>38</sup> LEMINGTON AND OVERBURY PIG CLUB. In the *Journal of the Board of Agriculture*, No. 3, June, 1912. London.
- <sup>39</sup> MODEL RULES FOR A PIG INSURANCE SOCIETY. In the *Journal of the Board of Agriculture*, No. 11, February, 1914. London.
- <sup>40</sup> PIG CLUBS IN ENGLAND AND WALES IN 1910. In the *Journal of the Board of Agriculture*, No. 5, June, 1912. London.
- <sup>41</sup> PIG INSURANCE CLUBS IN 1911. In the *Journal of the Board of Agriculture*, No. 8, Nov., 1912. London.
- <sup>42</sup> PIG INSURANCE CLUBS IN 1912. In the *Journal of the Board of Agriculture*, No. 8, Nov., 1913. London.
- <sup>43</sup> THE DEVELOPMENT OF AGRICULTURAL CO-OPERATION IN GREAT BRITAIN. In the *Journal of the Board of Agriculture*, No. 7, Oct., 1912. London.
- <sup>44</sup> THE HAND IN HAND PIG CLUB, SPALDING. In the *Journal of the Board of Agriculture*, December, 1913. London.
- <sup>45</sup> THE MANAGEMENT OF A PIG CLUB. In the *Journal of the Board of Agriculture*, February, 1913. London.
- <sup>46</sup> WELAND HIGH BRIDGE PIG CLUB, SPALDING. In the *Journal of the Board of Agriculture*, March, 1913. London.

## UNOFFICIAL SOURCES:

- WOLFF (H. W.): Co-operation in Agriculture. P. S. King & Son. London, 1912.
- STOPFORD (E. A.): Co-operative Live-Stock Insurance. In the *Journal of the Board of Agriculture*, November, 1910. London.
- THE SUTTERTON, ALGAR, KIRK, FOSDYKE AND WIGTOFT PIG CLUB. In *Co-operation in Agriculture*, November, 1912. London.
- WILSON (Sir James, K. C. S. I.): The Co-operative Insurance of Live-Stock in England and Wales. In the *Journal of the Royal Statistical Society*, January, 1914. London.
- TYSOE PIG INSURANCE SOCIETY. In *Co-operation in Agriculture*, February, 1913. London.

## INTRODUCTION.

While in Great Britain and Ireland many forms of agricultural organisation have been developed by means of the work of a propagandist body established for the purpose, societies for the mutual insurance of livestock came into existence spontaneously and have spread from village to village without being promoted by any central organization. It is more than a hundred years since such societies were first formed, for we find that at Mawdesley in Lancashire a mutual cow insurance society existed in 1817. Of Societies for the insurance of pigs alone the earliest society registered under the Friendly Societies Acts, and still in existence, is that of Langworth in Lincolnshire which was registered in 1859. In view of the facts that registration under those Acts is not compulsory, that societies so registered number about 3 % only of the total number of pig insurance societies, and that legislation of the controlling type of the Friendly Societies Acts is not introduced unless and until societies have already sprung up and require advice and supervision by a Governmental department, it is clear that pig societies, too, are by no means of recent origin.

If their history is lengthy, the necessity for the insurance of the owners of pigs against loss by their premature death from accident or disease is plain when one learns that the total number of pigs in England and Wales was 2,496,670 in 1912, and 2,102,102 in 1913. Further, in 1908-9 about 4,400,000 pigs were sold off the farms of Great Britain at an aggregate price of about £14,350,000, *i. e.* an average price of about £3.5s. per pig, while for the same period of 1908-9 it was officially reckoned that of pigs on holdings of above one acre in extent the death-rate was 7 per cent. (including young pigs born during the 12 months).

The risk of loss of valuable property is thus considerable. What measures have been taken to lighten the weight of this loss by insurance? Very few, apparently (except in the case of loss by fire), for it has recently been officially estimated that (loss by fire again excepted) only some 2 % is covered by insurance in Great Britain generally; and it would seem from a study of the figures that the percentage would only be very slightly higher in England and Wales. Of this proportion practically all seems to be effected by such societies as are the immediate object of this article.

### § 1. COMPARISON BETWEEN COMMERCIAL INSURANCE COMPANIES AND MUTUAL INSURANCE SOCIETIES.

It will perhaps be well at the outset to explain some of the essential differences between the working of the ordinary commercial companies which conduct this class of business and that of the typical mutual pig insurance society or Pig Club as it is called. The *Journal of the Board of Agriculture* for June, 1912, in this connection says: "The large insurance companies, which deal with the insurance of live stock, generally charge a premium of 5 % on the maximum amount payable on the death of a fattening or store pig, and 7 ½ % in the case of a breeding sow or boar, and this premium does not cover the risk of death from fire or lightning. Usually they refuse to insure pigs under six months old, and one company at least declines to insure pigs unless horses or cattle are also insured. The Clubs generally insure any pig over nine or ten weeks old. If, instead of insuring co-operatively, the members were to insure their pigs individually with one of these companies for a sum which might in any case amount to £ 5, they would have to pay a premium of at least 5s. a year, which could not cover so many risks as are now covered by their average payments of 2s. 4d. per annum".

### 2. AREA OF OPERATIONS AND MEMBERSHIP OF PIG INSURANCE SOCIETIES.

By far the greater portion of pig insurance, then, is carried out by Pig Clubs and this insurance is cheaper than that of the ordinary commercial insurance company. What exactly is a Pig Club? It usually consists of a small number (generally 30 or 40) of men in somewhat poor circumstances, dwelling in a small area, usually one or two neighbouring villages, who have formed themselves into a society for the common object of mutually insuring themselves against loss resulting from the death due to disease or accident of any pig of theirs insured with the society.

A few quotations from the *Journal of the Board of Agriculture* will indicate, better than any further description, the class of persons who compose such societies. Thus, in the October issue of 1912, in an article on the Bedford Pig Club started in 1875 for "the insurance and relief of the members who may have the misfortune to lose a pig", we read: "The Club now consists of 90 members, most of them working men, though it also includes one or two small farmers, builders and other villagers.... The affairs of the society are managed by a Committee of ten members, almost all workmen, several of whom are employed on the railway. There are three trustees, of whom two are inn-keepers and one a builder. The president is a pork-butcher, and the secretary, to whom much of the success of the

Club is due, is a market-gardener. The accounts are audited by the station-master and the post-master".

Again, the same *Journal*, in the issue of March, 1913, writing of the Welland High Bridge Club, which is unregistered, says that it has been in existence since 1897, and now consists of 48 members, mostly working men; about half of them being employed on the railway. Only persons resident within two miles of the headquarters of the club are accepted as members.

Again, the June issue for 1912, writing of the Kemerton and Overbury Club, says:

"It now consists of 86 members, most of whom belong to the labouring class: but it also includes a baker, policeman, engine-driver, builder, glazier, blacksmith and coachman. It insures 112 animals, of which 6 are breeding sows and the rest store pigs kept for fattening purposes".

Once more the same *Journal* in its survey of Pig Insurance Clubs in 1911 says, in its issue of November, 1912: "Almost all these Clubs (registered and unregistered) consist chiefly of working men and have been started spontaneously without any help or impetus from outside. Each village has worked out its own ideas in the matter, so that there is a great variety in the rates and rules adopted."

### § 3. STATISTICS OF PIG CLUBS.

An investigation by Sir James Wilson into the number and working of such societies in 1912 shows that there were in England and Wales something like 1,000, of which 33 were registered under the Friendly Societies Acts, and with regard to them and to 832 others not so registered, statistics were available. But it must not be supposed that these clubs are altogether common to the whole country, for the *Journal of the Board of Agriculture* in its issue of November, 1913, said, that there were then no such societies in Ireland, Scotland or Wales, nor in 14 English counties, and that half of the unregistered ones were in Lincolnshire and Nottinghamshire.

Putting aside for the moment the question of the differences between a registered and an unregistered society, which do not necessarily involve any difference in size, in amount of contributions payable, or even in the financial stability of a society, we now present some of the available statistics with regard to the two classes. For Registered Societies we present the figures for 1911 and 1912; for Unregistered Societies no figures are available except for 1911 in respect of which year a special enquiry was made, and statistics ascertained for 832 such societies. It should be stated that there must be perhaps as many as 200 to 300 additional Unregistered Societies for which no statistics are yet available.

TABLE I. — *Statistics of Pig Clubs in 1911 and 1912.*

Particulars	Registered Societies		Unregistered Societies
	1911	1912	1911
Number of Clubs for which Statistics are Available . . . . .	31	31	832
Total Membership . . . . .	1,627	1,461	30,529
Average Membership per Society . . . . .	52	47	37
Total Number of Pigs Insured . . . . .	2,842	3,066	53,981
Average Number of Pigs per Society . . . . .	92	99	65
Average Number of Pigs per Member . . . . .	1.7	2.1	1.7
Number of Insured Pigs which Died . . . . .	119	148	2,837
Percentage of Insured Pigs which Died . . . . .	4.2	4.8	5.3
Total Amount of Insurance Contributions and Levies . . . . .	£338 10 s. (excluding management contribution)	£261	£7,462 (including management fund)
Average Contribution per Pig Insured (Insurance and Management) . . . . .	3 s. (taking 7d. as the average management expenses of 20 societies)	2 s. 4 d.	2 s. 9 d.
Total Amount Paid in Claims . . . . .	£255 (deducting amount received for sale of carcasses, etc.)	£285	£4,968
Average Amount Paid per Pig which Died . . . . .	£1 14 s.	£1 19 s.	£1 15 s.
Average Amount Paid per Pig Insured . . . . .	1 s. 9 d.	1 s. 10 d.	1 s. 10 d.
Total Amount Accumulated at end of the Year . . . . .	£1,999 (excluding management fund)	£1,894	£27,748 (including management fund)
Average Amount of Reserve per Club . . . . .	£64	£61	£33
Average Amount of Reserve per Pig . . . . .	14 s. 1 d.	12 s. 4 d.	10 s. 3 d.
Number of Years' Average Losses in . . . . .	7	6	5



A perusal of this Table will show that the financial stability of the Societies, Registered and Unregistered alike, is on the whole very satisfactory, since they have enough money in hand, made up of savings on previous years' workings, to pay an average year's average losses several times over.

#### § 4. REGISTERED AND UNREGISTERED PIG CLUBS.

A Pig Club may register itself under the Friendly Societies Acts if its members so desire, but it is not in any way compelled to register. If it does so register, the Club and its members enjoy certain privileges denied to Unregistered Societies and their members, and in return for these privileges it is subject to a certain amount of official supervision by the Registrar of Friendly Societies, which of course is not exercised over Unregistered Societies. The latter are indeed at perfect liberty to conduct their affairs as they like and their members and officers are only amenable to the ordinary rules of the criminal and civil law. We will consider the two classes separately.

Pig Clubs may be registered under the Friendly Societies Acts (for which no charge is made in any shape or form) not, indeed, as Friendly Societies properly so-called, but as a distinct class of society, known as "Cattle Insurance Societies", which the legislature deemed akin to the ordinary Friendly Society in that they encourage thrift and forethought amongst persons. A society so registered can insure only against a loss arising by death, and not by straying, or theft, or accident resulting in injury but not in death. Application for registration must be made to the Registrar of Friendly Societies on a prescribed and special form, and must be signed by 7 members. The rules applicable to such societies are for the most part similar to those applicable to registered Friendly Societies, but not wholly so, and there are also a few special rules applicable to the only. In common with Registered Friendly Societies they have the following advantages: exemption from stamp duties, preferential rights over other creditors on the death or bankruptcy of any officer of the society; power to admit members from the date of their birth; power to compel officers of the society to give security for the rendering of proper accounts and to account for and deliver up any property of the society in their hands; and the right to proceed summarily against anyone misappropriating the society's property. A Registered Society is on the other hand placed under the obligations of having a registered office, of appointing trustees of and auditing its accounts, and of sending an annual return of its working to the Registrar. It must also keep separate accounts of all moneys received and paid on account of every particular fund or benefit assured, as well as the expenses of management and of all contributions received on account of management.

But the special rules applicable to Cattle Insurance Societies (including Pig Clubs) must be noted. The most important perhaps is the fact that

whereas a Registered Friendly Society is limited in the amount of its liability in any particular insurance, a Cattle Insurance Society is not so limited by law and may insure, for example a prize boar for several hundreds of pounds (unless indeed the rules framed by the members forbid it in the case of any particular society). Just as the liability of the society is unlimited by law, so also the individual liability of the members is unlimited by law, though here again the rules of any particular society may place some limit upon that liability. These societies also differ from Registered Friendly Societies in the binding nature of their rules and in the legally recoverable character of their contributions. The latter may indeed be recovered by the County Court of their district. Finally it should be noted that such societies, like Registered Friendly Societies, can bring and defend actions through their trustees, a matter which in practice is of great importance. Unregistered Societies have no legal existence. They have no rights and no liabilities in law. The law does not recognize them. The only action and redress the members can get is enforced indirectly by proceedings against any individual members of the society who may have taken any active part in the particular operation of the society in question. At the point of law the act (*e. g.*, insurance) on which the action may happen must be brought as an act of the Secretary or Chairman or Marker, or other active member of the Committee, not as agent for and to bind the Society, but to bind himself or others acting with him on that particular occasion, personally and personally only.

A Registered Society can and will alter its legal position when any change is done in accordance with the rules it has laid down for its own government: whereas an unregistered society having no legal position at all, cannot be affected as a society by anything its officers may do. The liability in the latter case is purely personal to all those who have taken part in the particular transaction sued on. It will be plain then that in a Registered Society the rights of an individual member are better secured than in an Unregistered one, whilst the position of officers of an Unregistered society is less satisfactory also because they may find themselves involved in a personal liability, unlike officers of a Registered Society. Again an Unregistered Society has no legal control as a Society, and, therefore in the last resort, no effective control over its Secretary, Treasurer, Marker, or other employees. They are only subject to the ordinary law of larceny and embezzlement, whilst a Registered Society has additional remedies on summary conviction whenever any person by false representation or other means obtains possession of any of its property, etc.

#### § 5. RULES OF PIG CLUBS.

Having considered the general nature and the legal, and financial position of these Clubs it will be interesting to consider the nature of the rules which govern their inner working, the general soundness of which must in

a large measure have contributed to the general success of such Clubs. As has already been pointed out, the rules of the different societies (as formulated for the most part by working class committees) differ very considerably and it would be impossible and useless to do any thing more than give a general idea of them here. It will be best to quote from the rules of the best managed societies. In this connection also it will be well to mention alterations suggested in many of these rules by the Board of Agriculture in the sets of "Model Rules" which they in conjunction with the Agricultural Organization Society have drafted for the use of Registered and Unregistered Pig Clubs respectively. The Rules usually deal with such matters as: Name and area of society; object; election of members; contributions payable; acceptance, rejection and marking of pigs as acceptable for insurance; inspection of diseased and injured pigs; valuation for compensation; supervision of pigs by Society; amount of compensation payable; conditions of such payment; management and insurance funds; control; how deficiencies in such funds are met; diminution of contributions in cases where the funds in hand are considerable; investment of funds; general meetings; committee, powers of; officers, powers of; security; Secretary and Treasurer; duties of Marker, and payment; penalties as fines of members and officers on breach of rules; settlement of disputes; books of account to be kept; auditing of accounts, and amendment of rules. In the case of a Registered Society there are also Rules providing for: appointment and duties of trustees; inspection of books of account at the exhibition of the last annual balance sheet on the walls of the headquarters; the making of annual returns to the Registrar and applications to the Registrar to inquire into the affairs of the Society.

The particular rules which seem of special interest and which therefore will be considered more fully are those which fix the amount of the contribution, the risks insured against and the amount of compensation payable.

#### (a) *The Contribution Payable.*

A new member usually pays in respect of himself an entrance fee of 11. sometimes increased to 2s. 6d. if he insures a boar or a sow, and very often he has to pay the Marker's fee varying from 1d. to 3d. for marking a pig, thus denoting its acceptance for insurance by the Society. He also pays an annual premium varying between 1s. and 6s. for a store pig and 2s. 6d. to 8s. 8d. for a boar or sow. He is also usually liable to an additional levy if at any time further funds are required to meet insurance claims, but this power seems to be resorted to very rarely indeed. Provision is also usually made for reducing the annual contributions of those members of more than 4 or 5 years' standing when the funds of the Society warrant it and it is under a provision of this nature that the Kemerton and Bredon Clubs, both of which have large reserve funds and a low death rate, have reduced the annual contributions of members of 4 years' standing to only 8d. a year, in return for which they get full compensation for pigs that die. Some Clubs make a rule by which

ny surplus fund above a certain amount is annually divided up amongst the members, but this course is not recommended by the Model Rules, which adopt the system of reducing the contribution for older members as at Kemeroun and Bredon. The actuarial basis of these contributions is the expectation of a liability to pay claims on 5% of the pigs insured at an average price of £22 per pig. The reason why the average amount of compensation is comparatively low is because the Clubs insure growing pigs in far greater numbers than breeding sows and boars, and as soon as growing pigs have reached a fair size they are killed, usually for home consumption. Hence the value of many of the pigs on which compensation is paid may be as little as £1 or even 15s. It is because of the greater financial liability of the Society in case of the death of a breeding sow or boar, which from the moment of its acceptance for insurance by the Society is perhaps worth anything between £3. 10s. and £8, as well as because they are more liable to disease and sickness, that the premium for them is higher than the premium for the younger fattening pig killed in the full vigour of his growth.

It should perhaps be stated here that some societies benefit by the subscriptions of honorary members, more often in the initial years of their existence. Further, in 1911, a Bill was introduced into Parliament in which it was proposed that livestock insurance societies should receive financial help from the Treasury but the Bill was dropped and they in fact receive no financial help from that source.

#### (b) *The Risks Insured Against.*

The societies provide for insurance "against loss by the death of pigs from disease, accident or otherwise".

As previously mentioned, a society which insures against loss otherwise than by death cannot be registered. And yet societies do not hold themselves out as willing to insure every pig any of their members may happen to possess. Some of them refuse to insure any but store pigs and some will insure sows but not boars; many societies refuse to insure any pigs under the age of 8 weeks or so, also any pig newly bought which has not been in the owner's possession for at least two weeks, and refuse to pay compensation on any pig which dies within two weeks of insurance. Neither does the society contract to pay compensation on any pig which may happen to die in consequence of castration or spaying, nor on any pig which may fall ill or die in consequence of ill-treatment, neglect, careless exposure to contagion, sleeping in a grossly insanitary condition, or neglect to carry out the lawful orders of the Committee or Marker as to treatment. The society is by its rules usually exempted from the liability to compensate the owner in cases where he has already received compensation from another source, as for instance in case he has also insured with an insurance company against loss by fire, or in case he receives compensation from the Board of Agriculture in consequence of the compulsory slaughter of his pigs under a Swine Fever Order. In such cases he is only entitled to receive such balance

as will make up the total amount received by him equal to the amount of compensation otherwise payable by the society.

There is one more question concerning the risks which a society is usually willing to insure against, namely, the number of pigs any individual member may insure with the society. Some societies allow a member to insure only a certain number of pigs; some again allow him to choose as to which he will insure and which he will not. Both these practices are discouraged by the Model Rules, for in the former case it is suggested that, inasmuch as the risk incurred by the society is always greater when a large number of pigs is kept, the rules should provide that any member habitually keeping more than 5 pigs should pay one-fourth higher contribution than those owing 5 or less. The Model Rules also deprecate the giving of a choice to a member as to which pigs he will insure and which he will not as prejudicial to the interests of the society, because he will be likely to insure the more valuable pigs and the less healthy ones and leave the normal ones uninsured. The Model Rules provide that he should insure all, as indeed many societies do, but in the case of a litter he is to be allowed twelve weeks within which to insure or dispose of them or any of them.

#### (c) *The Compensation Payable.*

Some societies pay members the full market value of the pigs they have lost. Others pay only a proportion of that value varying between two-thirds and seven-eighths, and the Model Rules have adopted the proportion rule as exercising an automatic check upon any undue carelessness of the owner. The market value is usually fixed by the Rules as being the market value at the date when the pig was last in good health, and the amount is fixed at so much a stone of the cleansed carcase. As a matter affecting the actual loss to the society on the payment of any claim, must be mentioned the practice which exists in some societies of disposing of the carcase of the diseased or injured pig for what it will fetch. This practice is not followed or encouraged in the Model Rules, nor is it practised by the best managed societies, which attempt to cure all cases of disease and if unsuccessful bury the carcase and bear the loss. It is also a somewhat dangerous practice for the officers concerned in any such sale as they might render themselves liable to penalties under a Swine Fever or some other Order. The case where the owner is paid compensation by some body other than the society has already been dealt with.

#### § 6. STABILITY AND REINSURANCE.

From a perusal of the Table it is clear that on the whole the financial position of the societies generally is very good. But though the general average is good, there were, in 1910, three Registered Societies which at the end of the year had not in hand as a reserve an amount even equal to the losses sustained during that year.

One other Club was in a position only slightly better. On the other hand one Club, the Kemerton Pig Club in Gloucester, was in the fortunate position of having a reserve of such an amount as would enable it to meet the losses of that particular year 20 times over. Again, in 1912, the Bredon Club had enough in hand to pay the average annual loss (calculated over a period of 9 years) for over 28 years. It is not a very convenient system if members are to be compelled in any slightly exceptional year to pay an additional levy, and that is the reason it is suggested in the Model Rules that societies should aim at establishing a reserve fund sufficient to pay the average losses of 5 years. Until that is done no reduction should take place in members' contributions nor should any division of this fund take place at all.

Closely connected with the question of stability is that of reinsurance. An epidemic may happen in any particular district in any one year and thus cause an unusual drain upon the resources of the society, and though it is the experience of some 1,000 societies that there is no great danger of a society becoming insolvent in consequence of the outbreak of contagious disease in any particular area, it might occasionally happen that a society would be relieved from a heavy strain upon its fund, if it had reinsured with some other body part of the risks undertaken. Reinsurance tends to reduce the shock felt locally and is, therefore, a wise policy for any society of the nature of these Clubs. But there is one other advantage to be gained from reinsurance and that is the fact that it does away with the necessity of so large a reserve, and those societies which have accumulated a large reserve will thus by means of reinsurance of a portion of their liabilities be able to reduce the contributions of older members and thus enable them to benefit to greater extent by their past payments. In this connection it is interesting to note that the Agricultural and General Co-operative Insurance Society has drawn up a scheme whereby it is prepared to reinsure half the net risks of any local co-operative pig insurance society, if satisfied with its rules and financial position, on payment of one-half the insurance contributions received by the local society, less 10 per cent. of that half.

#### CONCLUSION.

We have already pointed out the difference between the premiums payable by the members of such societies and those insuring in commercial companies. That difference showed a financial gain to the members of the societies themselves owing to the fact that the cost of management in such societies is much smaller than in the commercial companies and because the pig-owners themselves participate in the profits which would otherwise go into the pockets of the shareholders. A further gain to the members, which is indirectly a gain to the community generally, is the decreased death rate which results from the careful localised control which such societies exercise over their members. If a member is

careless in the management of his pigs, fellow members will soon discover the fact and he will lose his right to compensation under the rules. It has been said that for this reason commercial insurance companies have to levy a premium sufficient to cover a loss of 6% in the case of cows whereas co-operative cow insurance societies only anticipate a death rate of some 2%. It is true the subject matter of insurance is different, but the process of reasoning is the same. Again it was estimated that the average death rate amongst pigs was in 1908-9, 7%, whilst the average which a Pig Club may expect is nearly 5%, which, however, includes cases in which the society sells a pig suspected of disease before it is really ill, and on the other hand does not include as a rule deaths among young pigs, since Societies do not usually insure under 6 to 8 weeks old. Two quotations from the *Journal of the Board of Agriculture* may be useful on this point. The issue of June, 1912 says of the Kemerton Club: "Its success is due to the healthiness of the locality; to the care with which the members look after their pigs; to the fairness and mutual trust which they show to each other; to the attention paid by the Committeemen and officials to the affairs of the Club; to the good advice of their auditor, Mr. Hopkins the schoolmaster of Overbury who has helped them for a number of years to keep their accounts straight; and to the encouragement given to good sanitation by Sir Richard Martin, who offers an annual prize for the best kept sty and insists on proper drainage".

Writing of the Bredon Club in October, 1912, the same *Journal* says: "The excellent position which the Club has attained is due to the care taken of their pigs by the members, to the fairness with which they act toward each other, to the attention paid to the affairs of the club by its committeemen and office bearers, etc.

But in addition to these moral, economic and social gains referred to in the quotations there seem to be at least two more advantages to the community which must follow in England and Wales equally as on the continent from the co-operation of men interested in getting a livelihood out of live stock, for writing in the *Journal of the Board of Agriculture* for November 1910, Mr. E. A. Stopford says of Co-operative insurance of live stock on the Continent: "It is to the small farmer that the mutual insurance of cattle is of especial benefit. The three cow farmer, when he loses an animal no longer remains a two cow farmer for the rest of his life, while the farmer who, to avoid the risk of loss of all his capital at one blow, bought two low priced cows, can now buy a valuable one. This is said to have done more to improve the breed of cattle than many other measures adopted for this purpose".

## HUNGARY.

### LIVESTOCK INSURANCE IN HUNGARY.

by Dr. IGNÁZ PAJOR,

*Chief Manager of the Hungarian Mutual Livestock Insurance Society, at Budapest.*

#### § 1. GENERAL HISTORICAL REMARKS.

The insurance of livestock, like every other kind of insurance, is an economic institution demanding above all for its development a certain degree of social thrift and a period of peace with no political disturbance.

Hungary, however, has passed through periods of trouble. Thus, while Western States were able earlier to reach a solid economic and political condition, our country, the Eastern gate of Europe, after centuries of storm, was only able to begin the organization of intensive cultivation at the end of 1870. Consequently, there are not to be found in Hungary early forms of livestock insurance like the "*Kuhgilden*" in Germany; we have not to concern ourselves with ancient history or early attempts at this kind of insurance.

Among the various branches of insurance, livestock insurance is the most complicated, requiring so to say, a knowledge of every other form. It is therefore, not surprising that livestock insurance is a matter of quite recent introduction in Hungary.

However, a first beginning already existed in the following customs: when an animal belonging to a farmer died and the meat was not unfit for consumption, the commune divided the meat among the inhabitants after a manner that might or might not be previously established, paying the owner the value of the meat. In Transylvania, among the Szeklers, this ancient traditional use is still kept up, under the name of "*hopsu*." Besides this, we still find communes in which when a cow dies by accident, the owner receives a small sum from the other owners of cows by way of assistance. These and other customs, in all probability, have helped the further development of livestock insurance, but it cannot be considered to have originated with them.

The first attempt at the organization of livestock insurance, by means of a society, was made about 1869 when the "First Hungarian Mutual Livestock Insurance Society" was formed, with a capital of 50,000 crs., and began working in Hungary. However, this society,



which was organized for purposes of speculation, was not able to realize the hopes based upon it, and, six years later, after losing its capital, it was dissolved.

In 1875, the second Hungarian Livestock Insurance Society was founded in Hungary under the name of "Orion", with 200,000 crs. capital, but it had no better fortune and failed after working for a short time.

At the beginning of 1880, the Societies "Apis" and "Taurus" were founded in Austria. Their work, principally carried on in Hungary, came to an end after one and two years respectively.

Indeed, livestock insurance, in the strict sense of the word, was not possible at that date. Epidemic cattle disease was raging among the livestock of our country about the middle of the last century and made the success of private undertakings and of the action of societies in the field impossible. Besides this, another circumstance prevented the institution establishing itself, namely the condition of our veterinary service. We had, so to say, neither veterinary surgeons, nor regulations adapted to ensure the health of the livestock. The State had therefore to settle the principal question in relation to livestock insurance, that is to say, to adopt all the measures for the veterinary service on which this insurance is based in other countries.

## § 2. LEGISLATION IN REGARD TO VETERINARY POLICE.

This first legal step in the matter was taken in 1874, in the law X which regulated the trade in livestock and prevented the importation of cattle disease, and in which we find the first indications of *livestock insurance under the form of compensation*.

The law above all makes provision against oriental cattle plague, that was at the time the severest scourge from which the country suffered and by which our livestock was decimated.

Paragraph 53 of the law lays it down that when slaughter is necessary on account of oriental cattle plague, the Treasury shall grant compensation equal to the total value of the animal that has to be slaughtered, when healthy, and half the estimated value, when diseased.

This law was amended by article 26 of the law of 1880, by which the importation of livestock from countries in which there was epidemic cattle disease was forbidden: but the provisions in regard to compensation were maintained. Article XX of the 1874 law served as a basis for the organization of the veterinary service, which came into operation by virtue of article VII of the law of 1888.

Order No. 40,000 of 1888 of the Royal Hungarian Minister of Agriculture, putting into force Law VII of 1888, raised the veterinary service of Hungary to the same level as that of other European countries.

The limited space at our disposal prevents our entering into the details of this law which is of very wide application; so we shall confine ourselves to giving the provisions which relate exclusively to livestock insurance.

One of the most important is paragraph 24 of the law, which enumerates the epidemics in connection with which compensation is given, namely:

*a.* oriental cattle plague; *b.* anthrax; *c.* hydrophobia; *d.* glanders farcy; *e.* foot and mouth disease; *f.* contagious pneumonia; *g.* sheep scab; *h.* diseases of the organs of generation; *i.* scab; *j.* pig erysipelas.

In accordance with Order No. 9,300 of 1898, of the Royal Hungarian Minister of Agriculture, we should add swine fever; and in accordance with Order No. 63,832 of 1891, buffalo plague, and finally in accordance with Ministerial Order No. 48,800 of 1906, dry gangrene.

In accordance with paragraph 105 of the Law XX of 1888, the State makes compensation as follows:

(a) Half the estimated value is given: 1. when the slaughter of the animal has been ordered by the authorities in the case of contagious disease other than pneumonia, glanders, farcy or hydrophobia; 2. when the slaughter has been ordered on suspicion of pneumonia, glanders, farcy or hydrophobia and the existence of the disease can only be ascertained after slaughter.

(b) Three fourths of the estimated value is given: 3. when the slaughter has been ordered in the case of other diseases than pneumonia, glanders, farcy or hydrophobia and if after slaughter the disease can not be proved with certainty to have existed.

(c) The total estimated value is paid: 4. when slaughter has been ordered for any reason and the animal is afterwards proved to have been healthy.

These provisions, in so far as regards horses slaughtered on account of glanders, have been amended by Ministerial Orders No. 61,100 of 1899 and No. 41,900 of 1898. In accordance with these Orders, half the estimated value is also paid in the case of horses which have been found to be infected with glanders on injection of mallein, and assistance is given to indigent horse breeders.

In regard to contagious pneumonia, article II of the Law of 1893 and article X of the Law of 1897 introduced some amendments in the above provisions.

We must also mention the Order of the Hungarian Department of Agriculture, No. 113,000 of 1909, which enjoins the slaughter of cows suffering from tuberculosis of the udder, while it grants the owner full compensation. Finally, we must not leave unmentioned Ministerial Order No. 54,300 of 1908 for the organization of slaughterhouses and the examination of the meat, nor article XVII of the Law of 1900 on the organization of the State veterinary service.

All these laws, the object of which was the reduction of the risks of mortality and disease among cattle, have certainly had a great influence in favour of livestock insurance into Hungary and we may say that there could have been no question of livestock insurance without them.

§ 3. A BILL FOR COMMUNAL LIVESTOCK INSURANCE: LOCAL CO-OPERATIVE INSURANCE SOCIETIES. FOUNDATION OF THE "MUTUAL HUNGARIAN LIVESTOCK INSURANCE SOCIETY."

The attempts made in 1880 by private societies to do livestock insurance business in Hungary, as we have already said, were not very encouraging for the farmers; so in view of the growing need for it, they had become more urgent with the increase of livestock improvement. The idea that this insurance could only succeed if the State intervened came to be more and more extensively held. From 1890, the Government began to urge to make livestock insurance compulsory for all farmers. At last the Minister of Agriculture placed himself at the head of the movement, and the Secretary of State, M. E. de Miklos, drafted a bill in 1894. This bill favoured mutual principles and contemplated the foundation of a co-operative insurance society in each commune. But it was rejected for political reasons.

Before speaking of our organization of livestock insurance, since it is now established on a firmer basis, we must also mention several local co-operative societies founded since 1890, which, however, cannot quite answer the purpose for which they were founded, for want of a system of inspection and assistance. In most of these local co-operative bodies, the premiums are not paid in advance but immediately on the loss of an animal and in proportion to its value. However, there are some which require a premium of from 1% to 2% to be paid in advance. In case of epidemic disease in general no compensation is given and when the compensation given exceeds 5% of the value of all the animals, no further claim is granted. Other co-operative societies pay at the end of the year for the losses that have occurred during its course and, if the sufferers are excessively numerous, they only receive a proportional share of their claims. The local societies cannot accumulate suitable reserve funds, nor compensate their members for exceptional losses and consequently cannot do a business.

It was not till 1898 that livestock insurance on reasonable lines began to be undertaken in Hungary, with the foundation of the "Hungarian Mutual Life Insurance Society." This co-operative society had at first a reserve fund of 200,000 crowns, increased in 1912 to 500,000 crowns, and, after hardly six months' work, it nearly suffered the same fate as the above mentioned societies, but the founders exerted themselves with utmost zeal and with admirable perseverance and saved it.

In the first years of its work, the society chiefly insured horned cattle and horses only by way of exception, as in Hungary the improvement of horned cattle is one of the most lucrative sources of revenue for the farmer. In these first years it made but slow progress. This was the case up to 1902, when it aroused the attention of the Minister of Agriculture who judged fit to insure with it at Government expense the bulls dist

ered among the communes. Thanks to this support, the society could extend its action and organize communal livestock insurance co-operative societies and even societies of private farmers. The society has gained ground from year to year, so that it now insures 31,000 head of horned cattle of a value of 15,000,000 crs. The fact that the Agricultural Department insures its throughbred bulls with this society has largely contributed to inspire confidence in it among the farmers; thus not only have the communal authorities begun insuring their breeding stock with it, but some private farmers have done the same.

#### § 4. CONSTITUTION OF COMMUNAL CO-OPERATIVE INSURANCE SOCIETIES.

What gives quite special importance to livestock insurance in Hungary is the considerable reorganization of our horned cattle improvement in the last fifteen years. In fact, the Minister of Agriculture, in the interest of the farmers and at great material sacrifice, has given a new direction to our system of livestock improvement, and, in this way, has appreciably increased the value of our stock of animals. It is true that, if we consider only the figures, in the last ten years the total number of head of livestock in Hungary has only increased by 5%, as it is today hardly more than 6,400,000 and ten years ago it was 6,100,000. But, when we consider that in many regions of Hungary the Hungarian breed has been replaced by spotted Simmental stock; that, in the mountain regions, above all in the North, the Riska and Moldova breeds have had to give way to grey Alpine stock; and that the value of the other breeds, improved by means of breeding stock imported by the State, has considerably increased, we may affirm that in Hungary the total number of head of livestock has not decreased in the last fifteen years, but, on the other hand, its absolute value has increased 50 %.

The Agricultural Department has encouraged the new tendency above all among the small farmers, whose interest in the maintenance and development of the livestock has, consequently, considerably increased in the country. The society mentioned above considered the moment propitious for the union of small farmers in communal co-operative societies, which could protect them against losses, a matter of importance when we reflect that two thirds of the total number of head of livestock in Hungary belong to such small farmers.

In other countries, the communal co-operative livestock insurance societies are not organized by a central society previously existing; there, the communal co-operative societies are first constituted and then a central institution is organized to reduce the expenses occasioned by exceptional disasters. The "Hungarian Mutual Livestock Insurance Society" began in 1903 to organize communal co-operative livestock insurance societies and at the same time to promote private insurance societies. However, it could not follow the examples set by other States, for it was

prevented, first of all by our commercial law, which prescribes that every society engaged in insurance business, whether as a co-operative society or as one limited by shares, must be registered in the register of societies and give proof that it has a guarantee fund of at least 200,000 crs. Now, in Hungary, the small farmers cannot in any commune be expected to contribute such an amount. A second difficulty was that in our country the small farmers are still extensive cultivators and, consequently, are poorly supplied with money during the whole year, for it is only after the harvest and sale of their produce they have funds at their disposal. They could not therefore be induced to accept the principle of unlimited mutual liability usual in the communal co-operative societies in other countries. Finally a third difficulty was that our small farmers abstained from having recourse to the veterinary surgeon, for want of confidence in him and to save expenses.

To overcome all these difficulties, the "Hungarian Mutual Livestock Insurance Society" organized the communal societies as follows.

The "communal co-operative livestock insurance societies" are founded as "livestock improvement co-operative societies" affiliated to the "Hungarian Mutual Livestock Insurance Society", which is their Central Society, and with its authorization and on its responsibility they insure the livestock of their members. At the same time, the Central Society undertakes the risks of reinsurance. In its turn, asking a premium of  $\frac{1}{2}\%$ , it insures risks of more than 3%, so that the members' liability is limited to  $3\frac{1}{2}\%$  of the value of their livestock. Thus, whatever disaster befalls the livestock of the commune, the member of the society cannot be made to pay more than  $3\frac{1}{2}\%$  of the value of his livestock.

Further, in order that our small farmers may make use of the services of the veterinary surgeon for their livestock, the premiums cover treatment by the veterinary surgeon, medicines and inoculation. In this way the members are dissuaded from concealing the diseases of their animals. Unfortunately, in some regions of Hungary, certain epidemics especially anthrax, and dry gangrene still rage and every year cause the loss of several hundred thousand crowns. And the small farmer has up to now been deterred from inoculating his livestock on account of the high charges. In view of this, the Society makes inoculation compulsory and the material for the purpose is placed at the disposal of the affiliated societies free of charge. As in this way the cattle are inoculated at one and the same time in all the communes, the cost is reduced to a minimum and what each society has to pay is insignificant. In 1912 more than 90,000 head of horned cattle affected with anthrax and more than 10,000 suffering from dry gangrene could be treated with serum, thanks to the communal co-operative societies. If we consider that these communal societies have up to the present been mostly formed in regions where these diseases appear year after year, if only sporadically, it is evident that by means of compulsory inoculation the society has been able to save many small farmers from ruin.

## § 5. ADMINISTRATIVE AND TECHNICAL ORGANIZATION.

The co-operative societies are organized internally as follows: if twenty farmers of a commune possess at least 100 head of cattle, the Central Society sends a communal co-operative society in legal form. The latter calls a general meeting in which the fundamental rules are laid down in accordance with the model furnished by the Central Society, elects a presidential board and council of supervision, each of them composed of 3 members, as well as a board of management with members varying in number from five to twenty. After the foundation of the co-operative society, the Central Society has it registered in the register of societies at the office of the court, advances the funds for its registration and takes the necessary steps for the taking of a census of the members' cattle and the valuation of the same. Each member receives a pedigree sheet on which he must enter an exact description of his livestock, indicating their value; on the same sheet he must note any changes occurring in the course of the year; any increase or diminution in value, sales, purchases, and in fact any difference in his stock of cattle. In the larger societies, the committee arranges for the taking of the census and the valuation, whilst in the smaller ones this work is entrusted to the board of management. The members are bound to insure all their horned cattle over 3 months old, and to advise the board of management of any changes. For its administrative business the society elects an administrator from among the members of the presidential board or the other members; his remuneration varies with the resources of the society.

The cashier is appointed in the same way. For the veterinary service, the society enters into agreement with the communal or district veterinary surgeon; he engages to inoculate, examine and treat the livestock, and receives a crown a year per animal. The society that has made no such arrangement must remunerate the veterinary surgeon according to the tariff established by Ministerial Order No. 95,000 of 1900 for the carrying into effect of article XVII of the Law of 1900 on the Government veterinary service. The members of the society are bound each to subscribe a share of 4 crs. payable in four instalments of a crown a year; afterwards, they must pay every year 1 % of the assured value of their animals, and 4 crowns per animal for examination and valuation. There are also supplementary charges levied, varying with the amount of compensation for losses in the course of the year, the veterinary surgeon's charges and the working expenses; however, these supplementary charges may never exceed 3 ½ %, including the premium of ½ % paid to the Central Society for reinsurance. Every member of the society must report to the directors without the least delay any case of sickness or emaciation among his cattle. He must then present his insured livestock for the general compulsory inoculation as well as any other cattle he buys or insures in the year. The board of management of the society arranges for the medical treatment of the livestock or makes provision for the sale, taking no responsibility, of the live animal or the retail sale of the meat. The produce of the sale

is placed in the safe and the policy holder receives compensation in case of loss. The compensation is fixed at 80 % of the assured value. The Central Society makes out pedigrees of the cattle of the members in duplicate, and one copy is kept by the communal co-operative society, and the other by the Central Society; any changes are entered on both. If a loss occurs, the communal society draws up a report after the model supplied by the Central Society, adding to it the decision come to by the Board of Management and forwards it to the Central Society. The latter makes its decision, which is final, known within three days and, if the co-operative society has not money available, at the same time it forwards the funds necessary for the payment of compensation. On these advances no interest is charged. The Central Society furnishes the affiliated co-operative societies with the necessary printed forms free of charge, keeps their books in accordance with the commercial law, prepares their balance sheets and the statements and demands they have to forward to the court and other authorities, so that the administration of the business of the communal co-operative society, being limited to the keeping of the herdbooks and the cash book, may be managed by any small farmer who can read and write. Several times in the year the Central Society instructs its officers to inspect the co-operative societies and, by means of public lectures, it diffuses information not merely in regard to livestock insurance but also in regard to other agricultural matters. In addition to this, every year, it awards prizes to the administrators of many societies. And, further, in years when the general economic conditions call for it, and its resources allow of it, the Central Society reduces the amount of the guarantee required as above stated from its members and makes itself responsible for the difference.

#### § 6. STATISTICAL DATA : STATE INTERVENTION.

The movement in favour of the organization of the communal co-operative societies began in 1903, when the Central Society founded the first co-operative society in the commune of Miava, in the county of Munkacs, with 40 members. Since that date, this society has not ceased to work and it has at present 340 members. In the following years, the attempts to organize other co-operative societies continued; however, up to 1907 only 10 societies could be formed. But since 1908 their number has gone on increasing as appears in the following table :

Year	Co-operative Communal Societies
1908 . . . . .	19
1909 . . . . .	28
1910 . . . . .	54
1911 . . . . .	141
1912 . . . . .	239
1913 (up to the end of September) . . . . .	276
Total . . . . .	757

It is expected that at the end of this year the societies will be many more than 900. The above 757 societies have 61,000 members, and 130,000 head of livestock, assured for an amount of 40,000,000 crs. In 1912, they granted 410,000 crs. in claims in respect of 1,890 head of livestock and in 1913, up to the month of October, they had granted 490,000 crs. in claims in respect of 2,140 head.

The communal livestock insurance societies may increase their business by insuring horses and pigs. In view, however, of the large risks in the insurance of these two classes of animals, and the ability required in the administration of such business, which can only be acquired by long experience, the Central Society can only allow the co-operative societies to undertake these risks when they have in the course of several years of business activity learned the technique of livestock insurance, especially in relation to the prevention and diminution of risks, and on condition that the members understand the obligations of the mutual system. There are now already 14 co-operative societies insuring horses and 12 insuring pigs.

The co-operative movement in respect to the organization of communal co-operative livestock insurance societies is energetically seconded by the Royal Hungarian Minister of Agriculture, not only morally but also materially. The moral assistance he has given is above all visible in the fact that he insures in the Central Society the communal bulls distributed by the State; that the ministerial delegates and royal agricultural inspectors make propaganda in favour of communal co-operative livestock insurance; and that he has called upon the Royal Hungarian Veterinary Corps to give active support to this co-operative movement. By way of material assistance, the Agricultural Department grants each co-operative society a subvention corresponding with the cost of its organization or installation and with its fund to meet claims. These State subventions in the last two years amounted to more than 100,000 crowns a year. In addition to this, the co-operative movement is supported by the higher clergy of Hungary, without distinction of religion, and they encourage the priests, and instruct them to give the faithful information in regard to this beneficent institution; and, finally, it is supported by all the public administrative authorities of the country.

#### § 7. LIVESTOCK INSURANCE SOCIETIES LIMITED BY SHARES:

##### CONCLUSION.

To complete the account given above of the development of livestock insurance in Hungary, it seems to us advisable to mention also the three general livestock insurance societies limited by shares working in Hungary. "The Austrian Insurance Society against Losses through Storms etc., Limited by Shares", with headquarters at Vienna, has insured horses, including thoroughbreds, in Hungary since 1909. The "Hungaria", General Insurance Society, Limited by Shares, has insured horses and horned



cattle in Hungary since 1912. It is especially concerned with the insurance of the species (that is to say it does not insure individuals) against epidemics. Finally, the "Minerva", General Insurance Society, Limited by Shares, has insured horned cattle and horses since 1911.

These societies have not published information in regard to the results obtained in the field of livestock insurance. The "Minerva" has made attempts in regard to the organization of the communal co-operative societies and formed five co-operative societies which were, however, soon dissolved.

We have here given an outline of the history of livestock insurance in Hungary. It appears from all we have already said that we are still at the beginning of a movement. Only a very small number of our stock of cattle and, consequently, of our farmers, benefits by insurance; but if the National Livestock Insurance Central Society perseveres in its effort and the Government continues to give as effectual support as it has done up to the present, we hope to be able to realise by means of co-operation alone what several Western States have already realised: the insurance of the whole stock of cattle in the whole country.

## Part III: Credit

### ITALY.

#### WORK OF THE SPECIAL AGRICULTURAL CREDIT INSTITUTES IN 1913.

##### SOURCES :

BANCO DI NAPOLI: CASSA DI RISPARMIO: CREDITO AGRARIO. Relazione sull'esercizio 1913 (*Bank of Naples, Savings Bank, Land Credit Department. Report for the Year 1913*). Naples, 1914.

BANCO DI SICILIA: Rendiconto del Consiglio d'Amministrazione sul servizio del credito agrario e bilancio consuntivo, esercizio 1913. (*Bank of Sicily: Report of the Board of Management on the Agricultural Credit Service and Balance Sheets for 1913*). Palermo, A. Giannitrapani, 1914.

In this article we intend to give a short account of the work done in 1913 by the special Agricultural Credit Institutes, that is to say, by the Institutes, for the most part regional in character, authorized by special laws for this class of credit work. The most important of these laws are those of July 7th., 1901, authorizing the Savings Bank of the Bank of Naples to do agricultural credit business in the provinces of Southern Italy and the island of Sardinia, and of March 29th., 1906, instituting a department at the Bank of Sicily for the grant of agricultural credit. We may also mention the laws of December 21st., 1902, March 31st., 1904 and June 25th., 1906, respectively for credit in Latium, Basilicata, Calabria etc.

The fundamental principle of this legislation is the distribution of credit to farmers, not directly, but through local institutes, preferably through those of co-operative form (rural and agricultural banks, agricultural consortiums etc.), therefore styled intermediary organizations.

Exception is only made for those communes that have no local institutions or none inspiring confidence or actively working: in these, loans may be granted to the farmers directly.

The agricultural credit institutes, consequently, carry on an active propaganda in favour of the foundation of intermediary organizations and strive to ensure their good working by means of the distribution of model rules, instruction in bookkeeping and inspections. Besides this, in order the better to attain this end, the Department of Agriculture, in accordance with the above laws, every year opens prize competitions among the co-operative societies. The agricultural banks, large numbers of which have been lately founded in the South and in the Islands, of the same legal character and economic form as the rural banks, owe their origin to the special agricultural credit laws above referred to.

§ 1. THE SAVINGS BANK OF THE BANK OF NAPLES  
AND THE AGRICULTURAL CREDIT DEPARTMENT AT THE BANK OF SICILY

The agricultural credit business done by the two Southern Banks appreciably increased in 1913, as is seen from the following figures:

Years	Bank of Naples	Bank of Sicily
1908 . . . . .	frs. 4,823,440	frs. 2,192,298
1909 . . . . .	5,390,203	" 4,061,269
1910 . . . . .	" 7,830,401	" 7,119,720
1911 . . . . .	" 9,654,213	" 9,137,972
1912 . . . . .	" 9,353,833	" 12,039,391
1913 . . . . .	" 13,034,341	" 15,628,632

The advance is especially observable in the case of the Bank of Sicily: Sicilian agriculture finds in this large increase of capital no inconsiderable assistance in its economic and technical development, which also stimulates the various forms of agricultural co-operation.

Passing on to a more detailed consideration of the work done by the two Banks in 1913, we find in the first place that the number of the intermediary institutes of the Bank of Naples continues to increase; and indeed from 1,750 in 1911 they increased to 1,855 in 1912 and 1,963 in 1913; however, the number of these considered "good", which, that is to say, may be depended upon for credit, only increased in the above three years from 868 first to 938 and then to 1,044; the increase in 1913 was almost entirely among the agricultural banks; of the 1,044 good institutes, 133 (amongst them 124 people's banks) also are accredited to the Bank for purposes of ordinary discount business.

The *good* institutes are divided as follows: agricultural and rural banks, 313; Sardinian *monti frumentari*, 288; people's banks, 160; agricultural consortiums, 126; agricultural loan banks, 115; savings banks, 16; mutual aid societies, 9; *monti frumentari*, 8; independent provincial agricultural credit banks, 6; agricultural credit societies, 3.

But only some of the *good* institutes are entered on the *agricultural register*; at the end of 1913, 633 were so registered for an amount of 2,933,600 frs. (Amongst these 150 people's banks for 7,183,000 frs., agricultural consortiums for 6,676,500 frs. and 199 agricultural and rural banks for 6,083,000 frs.).

The operations conducted by the Bank of Naples in 1913, not including renewals, amounted to 13,034,341 frs., 5,857,385 frs. provided out of its own funds, and 7,176,955 frs. out of the funds of the provincial banks. Altogether its rediscount transactions amounted to 10,347,107 frs.; it made direct loans to the amount of 865,646 frs. and directly discounted bills to the amount of 1,821,588 frs.

The total amount of the business done in the twelve years exceeds 3,000,000 frs., of which about 36,000,000 frs. was done through agricultural consortiums and 12,000,000 frs. through agricultural banks. The total bills and acceptances at the end of 1913 amounted to 7,884,069 frs.

Last year, both for its own business and for that of the provincial banks, the savings bank of the Bank of Naples maintained the rate of interest of 3 1/2 % on operations (for rediscounting and direct discounting) with the intermediate institutes and 4 % on loans granted directly to farmers; the intermediate institutes, in their turn, lent at rates varying from 3 1/2 to 6 % and for the most part at 5 and 5 1/2 %.

According to the object of the loans, the credits in kind granted to the farmers by means of rediscount operations and direct loans were distributed as follows:

1. *Loans with Legal Preference.*

	Number	frs.
For harvest . . . . .	616	366,771.60
cultivation . . . . .	6,281	2,272,524.39
seeds . . . . .	2,653	1,262,312.73
manure . . . . .	3,230	560,028.44
anticyptogamic material . . . . .	2,424	325,790.19
food for metayers . . . . .	26	5,614.50
various purposes . . . . .	2,115	1,064,846.08
	17,345	5,862,887.93

2. *Loans without Preference:*

		frs.
For large livestock . . . . .	3,339	1,096,351.98
small livestock . . . . .	492	163,312.60
machinery . . . . .	479	167,933.45
farm implements . . . . .	214	26,463.07
dead stock . . . . .	97	31,051.80
various purposes . . . . .	38	30,915.80
	4,659	2,516,028.72

## 3. Loans with Preference by Agreement :

		frs.
For large livestock . . . . .	5	10,000

## 4. Loans on Deposit of Agricultural Produce.

		frs.
on cereals . . . . .	310	2,749,235.80
" wine . . . . .	15	70,600.00
" oil . . . . .	1	4,000.00
	326	2,823,835.80

The loans with legal preference represent 52.29 % of the total credit granted to the farmers; those without preference, 22.43 %, those with preference by agreement 0.09 %; and those on deposit of agricultural produce, 25.19 %.

Of the loans, 13,409 for 5,421,851 frs. (48.35 %) were granted to proprietors working their own farms; 299 for 65,633 frs. (0.59 %) to tenants on long lease; 329 for 158,409 (1.41 %) to metayers or tenants paying rent partly in kind and 8,298 for 55,566,860 frs. (49.65 %) to tenant farmers.

The direct discount given was in 191 cases on 1,382,570 frs. for collective purchases; in 10 cases on 332,280 frs. for collective sales; in 33 cases on 106,738 frs. to make up the capital of the intermediary organizations; almost all on the proposal of agricultural consortiums and land banks.

The total credit granted out of the funds of the Savings Bank of the Bank of Naples and the Provincial Banks was distributed as follows among the various provinces :

Provinces	Amount frs.
Foggia . . . . .	4,808,790.68
Aquila . . . . .	1,676,977.78
Bari . . . . .	1,152,495.11
Sassari . . . . .	1,000,123.78
Caserta . . . . .	866,144.85
Lecce . . . . .	655,240.99
Teramo . . . . .	558,772.92
Reggio . . . . .	431,960.00
Catanzaro . . . . .	302,090.00
Salerno . . . . .	283,871.07
Potenza . . . . .	261,738.43
Cagliari . . . . .	258,006.05
Campobasso . . . . .	246,751.34
Naples . . . . .	196,706.26
Chieti . . . . .	108,335.51
Benevento . . . . .	106,896.50
Cosenza . . . . .	70,745.00
Avellino . . . . .	48,694.35
Total . . . . .	13,034,340.62

The intermediate organizations accredited to the *Bank of Sicily* increased in number in 1913 from 275 to 323 (1). This large increase is due to the active propaganda of the Institute; the large majority (255) are societies of collective title; 303 institutes have the form of co-operative societies and of these 130 are agricultural co-operative societies for production and labour. The entries in the agricultural register increased in 1913 from 14,882,000 frs. on December 31st., 1912 to 17,880,218 frs. on December 31st., of the ensuing year.

The work of the Bank shows a new and magnificent advance: 48,712 operations were conducted for the amount of 15,628,632 frs.; with the exception of the intermediate organizations, the amount of the operations conducted with private individuals, once so important, has been reduced to an inconsiderable minimum (51 operations, for 8,475 frs.); those conducted with intermediate institutes were 48,661 for an amount of 15,620,157 (rediscount operations to the amount of 13,374,781 and direct discount operations to that of 2,245,376 frs.).

The direct and indirect loans may be classified as follows in relation to their object:

	Operations — Number	Amount — frs.
I. for seeds, manure, anticryptogamic substances, cultivation and harvesting	46,123	12,127,996
II. for livestock . . . . .	2,175	1,212,305
" machinery . . . . .	37	37,750
" farm implements . . . . .	1	3,000
" dead stock . . . . .	5	1,625
III. for direct discount to the intermediate organizations, for distribution to members.	144	720,871
for collective purchases . . . . .	130	783,161
payment of charges . . . . .	71	582,280
advances on produce . . . . .	26	159,063

As regards the condition of the borrowers, the operation may be divided as follows:

	Operations —	Amount — frs.
Land holders . . . . .	20,499	6,205,593
Tenants on long lease . . . . .	1,123	328,293
Metayers . . . . .	1,876	433,796
tenant farmers . . . . .	24,843	6,415,571

The number of the members of the intermediate organizations of the Bank of Sicily on December 31st., 1913 was 50,178; the capital of the members with unlimited liability was 145,817 frs. and the capital of the institutes themselves, 3,707,158 frs.

The various provinces shared as follows in the total amount of credit granted in 1913 :

Province	Amount frs.
Caltanissetta . . . . .	3,074,153.45
Palermo . . . . .	2,800,822.71
Trapani . . . . .	2,776,627.12
Girgenti . . . . .	2,206,509.95
Caltagirone . . . . .	1,752,162.91
Syracuse . . . . .	1,592,745.07
Catania . . . . .	956,710.54
Messina . . . . .	368,800.96
Total . . . . .	15,628,631.71

The interest charged on loans by the Agricultural Credit Department of the Bank of Sicily in 1913 was 4 % ; that demanded from the members by the intermediary organizations was generally 6 %.

## § 2. OTHER SPECIAL AGRICULTURAL CREDIT INSTITUTES.

The figures for the operations conducted in 1913 by the other special agricultural credit institutes working in Italy are shown in the following table (1). In order to make it more complete, we have included also those given above for the Banks of Naples and Sicily.

In 1913, therefore, the special agricultural credit institutes lent the Italian farmers about 40,000,000 frs., 9,000,000 frs. more than in 1912.

(1) See Riccardo Bachi's Annual "L'Italia Economica".

*Agricultural Credit Granted in 1913, in accordance with the Italian Regional Laws*

Balance at End of 1912	Name of Institute	Loans to Intermediate Institutes	Loans Made Directly to Farmers	Total	Balance of Loans at End of 1913
3,666,482.88	(out of its own Funds . . . . . Bank of Naples)	5,342,185.48	515,200.00	5,857,385.48	4,026,380.32
3,009,476.41	(out of the Funds of the Provincial Banks (out of its own Funds . . . . . Bank of Sicily)	6,826,509.39 10,300,084.54	350,445.75 1,000.00	7,176,955.14 10,301,084.54	3,850,378.95 6,729,837.58
4,593,195.34	(out of the Funds of the Provincial Banks (out of its own Funds . . . . . Bank of Sicily)	5,320,072.17 4,942,122.96	7,475.00 633,342.15	5,327,547.17 5,575,465.11	3,913,501.45 2,237,723.47
2,508,666.94	Agricultural Credit Institute for Latium . . . . .	13,000.00	255,955.00	268,955.00	348,827.50
375,872.50	Vittorio Emanuele III Agric. Credit Institute - Catanzaro	10,000.00	302,253.00	312,253.00	580,379.52
495,333.43	Vittorio Emanuele III Agric. Credit Institute - Cosenza	53,000.10	313,203.00	366,203.10	548,305.00
461,610.00	Vittorio Em III Agric. Credit Institute - Reggio Calabria	1,889,483.34	177,531.00	2,067,014.34	2,060,892.65
1,115,781.06	Cagliari Adempribile Bank . . . . .	512,002.63	880,708.50	1,392,711.13	2,189,062.80
2,009,214.98	Sassari Adempribile Bank . . . . .	678,539.77	272,874.89	951,414.66	1,493,563.85
1,316,697.60	Agricultural Credit Provincial Bank for Basilicata				
23,146,733.76	Total	35,886,990.28	3,909,990.29	39,796,980.67	27,987,877.09
	Total for the year 1912 . . . . .			30,417,180.71	
	Difference in favour of 1913			9,379,799.96	



## UNION OF SOUTH AFRICA.

### THE LAND AND AGRICULTURAL BANK OF SOUTH AFRICA.

#### OFFICIAL SOURCES:

REPORT FOR THE SIX MONTHS ENDING SEPTEMBER 30TH, 1912, OF THE TRANSVAAL LAND AND AGRICULTURAL BANK, AND THE LAND AND AGRICULTURAL LOAN FUNDS OF NATAL AND THE ORANGE FREE STATE. Government Printers: Cape Town, 1913.

REPORT FOR THE PERIOD 1ST OCTOBER 1912, TO 31ST DECEMBER, 1912, OF THE LAND AND AGRICULTURAL BANK OF SOUTH AFRICA. Government Printers: Cape Town, 1913.

#### § 1. THE CONSTITUTION AND OBJECTS OF THE BANK.

The Land and Agricultural Bank of South Africa, established by an Act of the Union Parliament (No. 18 of 1912), came into existence on October 1st, 1912, on which date it took over the assets and liabilities of the Transvaal Land Bank and the Agricultural Loan Funds of the Orange Free State and Natal.

The new Bank is controlled by a Central Board consisting of five members appointed by the Governor-General, one member being nominated General Manager and being also *ex officio* Chairman of the Board. The Central Board deals directly with the business of the Transvaal Area and has its office in Pretoria where the headquarters of the Bank are situated. Owing to the large area comprised in the Union and to the diversity of the conditions under which farming is carried on in different districts it was deemed advisable to establish Local Boards in Cape Town, Port Elizabeth, Bloemfontein and Pietermaritzburg, to deal with business in the Cape Western Area, the Cape Eastern Area, the Free State Area, and the Natal Area, respectively.

By the provisions of the Act the Magistrates of the Union are constituted the Agents of the Bank, and the Board is largely dependent upon them for information as to the character of each applicant for a loan and the value

of the security offered. The Magistrates certify all ordinary applications and assist in making known to the farmers the various kinds of advances which the Bank is authorised to make.

Each application must be accompanied by a valuation of the property offered as security, made by a valuer appointed by the Central Board. The cost of making the valuation is regulated by a scale of charges established by the Board and approved by Government, and falls upon the applicant.

The Land Bank took over the majority of the officers on the staffs of the Provincial Banks which, from October 1st, 1912, have been merged with it.

The main object of the Bank, as stated in the Report, is "to assist the farming population by providing *bona fide* and deserving applicants with funds at a cheap rate, repayable in instalments over an extended period." Its capital consists of the funds taken over from the Provincial Banks and of any amounts which may be recovered on advances already made by Government, together with such sums as may from time to time be voted by Parliament.

The minimum amount which may be lent to any one farmer is £50 and the maximum amount, ordinarily, £2,000. Only in exceptional cases, where agricultural improvements on a large scale have been undertaken with the approval of the Governor-General, may the Bank make advances up to £5,000. The security for loans is normally a first mortgage on land or farm buildings, but where the property has been purchased from Government and the balance of the purchase price is secured by a bond bearing no interest, the Board may accept a second mortgage. Advances may be made up to 60 per cent. of the value of the security offered.

Ordinary advances, to which alone reference has been made so far, are made for a period of thirty years. During the first 5 years interest is paid at the rate of 5 per cent., and the borrower has the privilege of reducing the amount of the loan by repayments of £5 or any multiple of such sum at any date upon which interest is due. At the end of five years the principal sum outstanding becomes repayable in twenty-five years in half-yearly instalments.

In addition to the loans referred to above the Land Bank is authorised:

(1) To lend upon (a) Crown lands, the purchase price whereof is partly paid, and (b) Land held under lease from the Crown where the unexpired period of the lease is not less than ten years;

(2) To grant cash credits to farmers for short periods for an amount not exceeding £1,000;

(3) To make advances to approved Co-operative Societies;

(4) To make advances for the erection of dividing fences and for the construction of dipping tanks in accordance with the provisions of Act of 1912 and Act 20 of 1911, respectively.

The advances made upon Crown lands may not exceed 50 per cent. of the amount of the purchase price already paid, plus a like percentage of the value of improvements effected by the purchaser, nor, in the case of

land leased from the Crown, 50 per cent. of the value of the unexpired portion of the lease. In neither case may the period for which the advance made exceed five years.

Advances made to co-operative societies are guaranteed by the joint and several liability of all the members, while an additional security exists in the Bank's power to inspect the books of the society for the purpose of ascertaining whether the funds advanced are being carefully and economically expended for the proper purposes.

Under the Fencing Act, No. 17 of 1911, any lessee of Crown land may apply directly to the Bank for an advance for the purpose of erecting a boundary fence, and, in districts where disease is prevalent among stock, settlers may obtain loans for the construction of dipping tanks. Comparatively few of the latter loans have been made, but a very large number of loans made under the provisions of various Fencing Acts have been taken over from the Provincial Banks.

Government has undertaken to refund to the Land Bank any loss which it may incur in connection with advances to Crown lessees under the Fencing and Dipping Tank Acts, provided that the conditions imposed by the Department of Finance have been observed by the Bank.

## § 2. THE WORK OF THE BANK DURING THE PERIOD OCTOBER 1st, 1911, TO DECEMBER 31st, 1912.

The number of applications for ordinary advances approved by the Central Board from its establishment up to December 31, 1912, was 547, of which 293 were from the Transvaal and 167 from the Orange Free State. The preponderance of these two Provinces in the Bank's transactions is explained partly by the fact that the prevailing rates of interest are lower in the other Provinces, and consequently the farmers have less need of the facilities offered by the Land Bank, and partly by the fact that the Bank and its objects are better known to the farmers in the Transvaal and the Orange Free State. The Central Board are of opinion that in the Cape Province especially the growth of the Land Bank is likely to be slow.

The Tables which follow show the details as to the ordinary advances dealt with by the Board in the period under review.

TABLE I. — *Applications for Advances Under Act 18 of 1912.*

Area	Applications Considered by Central Board		Applications Approved by Central Board		Applications Refused by Central Board		Applications Deferred by Central Board	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
		£		£		£		£
Transvaal . . . . .	313	158,897	293	111,325	16	4,510	4	1,950
Northern Free State . .	188	197,606	167	148,495	15	15,150	6	4,325
Orange Free State . . .	44	40,047	32	26,480	7	2,497	5	3,850
Eastern Cape . . . . .	40	51,110	38	43,450	—	—	2	1,000
Western Cape . . . . .	19	22,740	17	18,470	2	2,110	—	—
Total . . . . .	604	470,400	547	348,220	40	24,357	17	11,125

TABLE II. — *Advances Under Act 18 of 1912.*

Area	Advances paid out during the period Oct. 1st to Dec. 31st, 1912				
	Number	Total Amount	Average Amount	Value of Security	
				Farm Property	Urban Property (Collateral Security)
		£	£	£	£
Transvaal . . . . .	249	79,825	320	196,157	—
Northern Free State . .	24	14,785	616	38,449	—
Orange Free State . . .	13	10,550	811	28,115	—
Eastern Cape . . . . .	—	—	—	—	—
Western Cape . . . . .	1	1,680	1,680	2,800	—
Total . . . . .	287	106,840	372	265,521	—

TABLE III. — *Analysis of Advances Made Under Act 18 of 1912*

Amount of Advance	Transvaal Area		Orange Free State Area		Natal Area		Cape (Western) Area		Total for whole of Union	
	Number	Total amount	Number	Total amount	Number	Total amount	Number	Total amount	Number	Total amount
		£		£		£		£		£
Over £1,500 . . . . .	4	8,900	—	—	1	2,000	1	1,680	6	12,580
Over £1,000 (not exceeding £1,500) . . . . .	7	9,100	3	3,700	1	1,500	—	—	11	14,300
Over £500 (not exceeding £1,000) . . . . .	26	20,430	10	8,250	7	5,800	—	—	43	34,480
Over £250 (not exceeding £500) . . . . .	58	21,350	5	1,735	2	900	—	—	65	24,085
Over £100 (not exceeding £250) . . . . .	84	14,625	5	1,000	1	250	—	—	90	16,875
Under £100 . . . . .	70	5,420	1	100	1	100	—	1,680	72	7,200
Total . . . . .	249	79,825	24	14,785	13	10,500	1	1,680	287	106,890

TABLE IV. — *Purposes for Which Advances Were Made*

Area	Improvements	Purchase of Stock	Discharge of Existing Liabilities	Subdivision of Land	Purchase of Land	Total
	£	£	£	£	£	£
Transvaal . . . . .	15,544	9,085	35,514	172	19,480	79,795
Orange Free State . . . . .	1,190	837	9,458	—	3,300	14,785
Natal . . . . .	3,390	4,700	2,460	—	—	10,550
Cape (Eastern) . . . . .	—	—	—	—	—	—
Cape (Western) . . . . .	—	—	1,680	—	—	1,680
Total . . . . .	20,124	14,622	49,142	172	22,780	106,840

In addition to the ordinary advances to which these Tables refer, the Board granted 26 applications for Loans for Fencing to a total amount of £762, and 31 applications for Dipping Tank Loans to the amount of £2,205. No advances were made to Co-operative Societies during the three months under review, but the Bank received repayments amounting to £34 in respect of advances made to Societies by the Transvaal Land Bank.

On December 31st, 1912, the Bank had a reserve fund of £88,160 constituted as follows:

	£	s.	d.
Reserve Fund of the Transvaal Land Bank . .	68,064	7	11
Reserve Fund of the Land and Agricultural Loan Fund of the Orange Free State . . . . .	4,815	8	9
Reserve Fund of the Land and Agricultural Loan Fund of Natal . . . . .	5,606	17	11
Net Profit during the period under review . . .	8,674	0	4
	88,160	14	11

The financial position of the Land Bank at the close of the year 1912 is shown in the following Tables which reproduce the accounts as published in the first annual Report.

TABLE V. — Profit and Loss Account.

Dr.	£	s.	d.	Cr.	£	s.	d.
Interest Paid . . . . .	25,533	3	2	Valuation Fees . . . . .	324	10	0
Salaries . . . . .	6,199	11	8	Application Fees . . . . .	49	10	0
Loss (Profit) . . . . .	8,674	0	4	Bond Fees . . . . .	599	16	0
				Interest Received . . . . .	15,572	16	1
				Interest Accrued . . . . .	20,860	0	1
	£40,406	15	2		£40,406	15	2

TABLE VI. — Receipts and Payments, Oct. 1st to Dec. 31st, 1912.

Receipts.			Payments.		
	£	s. d.		£	s. d.
Cash . . . . .	18,065	0 7	Advances on Mortgages . .	106,840	0 0
Payments . . . . .			Advances—Dipping Tank . .	430	0 0
Mortgages . . . . .	76,677	10 9	Advances—Fencing . . . .	1,891	11 10
Provisionary Notes . . . .	3,368	8 0	Application Fees . . . . .	68	0 0
Financing Loans . . . . .	6,548	2 0	Interest Paid . . . . .	25,640	12 6
Co-operative Societies . . .	3,600	0 0	Furniture and Fitting . . .	740	14 7
Interest Received . . . . .	34,522	16 9	Charges (Salaries etc.) . .	6,199	11 8
Salaries . . . . .	1,992	10 6	Sundries . . . . .	7,985	7 3
Other . . . . .	12,917	14 3	Cash at Bankers . . . . .	4,895	5 8
	£ 157,691	3 6		£ 157,691	3 0

TABLE VII — *Liabilities and Assets as at 31st December, 1912.*

Liabilities.			Assets.		
	£	s. d.		£	s. d.
Department of Finance					
(Capital) . . . . .	2,735,000	0 0	Advances on Mortgage . . . . .	2,313,777	
Reserve Fund . . . . .	88,160	14 11	Advances for Fencing . . . . .	171,461	10 1
			Advances for Dipping		
Agricultural Department . . . . .	105	3 11	Tanks . . . . .	430	6
			Advances on Promissory		
Sundry Creditors . . . . .	6,930	5 6	Notes . . . . .	102,591	1
Past Due Interest . . . . .	13,574	17 0	Advances to Co-operative		
			Societies . . . . .	234,177	7
Past Due Instalments . . . . .	1,363	12 5	Agricultural Department		
Warrant Vouchers Payable . . . . .	5,664	14 3	National Bank (Deposit		
			and Current Account) . . . . .	12,018	10
Interest Received . . . . .	15,950	6 8	Standard Bank (Current		
			Account) . . . . .	1,509	12
Deposit Account . . . . .	153	6 7	Natal Bank (Current Ac-		
			count) . . . . .	1,297	11
Recoveries . . . . .	1,604	2 11	Interest Accrued . . . . .	20,860	10
Valuators' Fees and Ex-			Interest Paid . . . . .	107	10
penses . . . . .	1,217	10 0	Stamp Account . . . . .	21	10
Valuation Fees . . . . .	186	10 0	Furniture etc. . . . .	740	14
Application Fees . . . . .	464	5 0	Sundry Debtors . . . . .	10,177	14
Stamp Account . . . . .	1	16 0	Defalcations . . . . .	714	12
	£ 2,870,377	5 2		£ 2,870,377	5 2

Since the close of the period under review there has been a great expansion of the work of the Land Bank, and some dissatisfaction with its methods, particularly in connection with the transactions between the Bank and Co-operative Societies, has already been manifested.

Upon certain conditions the Bank may guarantee the contracts entered into by Co-operative Societies and must first be satisfied with respect to any Society that all accounts, documents, papers and books are in order; and further, as has already been noted, the Bank has power, to inspect the books of a Society in order to ascertain whether funds advanced by it are being economically and properly expended.

The Bank has interpreted these powers as giving it authority to dictate to the Societies upon matters which, it is claimed, are purely internal and

beyond its competence. Specifically, it wishes to impose upon all Societies the obligation to discontinue all credit transactions with their members under penalty of having the funds advanced by it called in. The Societies defend such credit transactions as being perfectly legitimate, and necessary, under the conditions which subsist in South African agriculture.

There has also been some criticism of various limitations which are placed upon the Bank's activity, and certain proposals for amendment have already been referred to in this *Bulletin* (I). In subsequent articles we hope to deal more fully with the work of the Bank in relation to the whole question of land settlement in South Africa.



## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO CREDIT.

### GERMANY.

NUSSEBAUM (DR. ARTHUR): DEUTSCHES HYPOTHEKENWESEN (*German Mortgage Law*).  
Tübingen, 1913. J. C. B. Mohr. (Paul Siebek). XV + 365 pages.

The author begins by observing that a mere acquaintance with *formal* law is not enough for a complete and accurate understanding of the actual legal conditions of a country, but must be completed by a profound knowledge of the economic and other conditions on which the law is based and to which it must be applied. In his book he gives a systematic summary of all the elements that have contributed to the formation of the present system of mortgage law in Germany. So he does not merely reproduce the laws in force. He also considers the legal forces that have freely arisen in practice and the institutions which actually prevail in the field of law studied. In addition, he takes into consideration the administrative principles and practice. And in regard to the legal provisions he considers not merely their substance but also their objects, the terms in which they are applied and the effects produced.

The book consists of four parts. In the first we are shown the legal basis of mortgage law. In this part, 183 pages illustrate clearly the general features of the law on the cadastre, of mortgage law in the proper sense of the term and the most important principles of compulsory execution and the procedure in connection therewith. The second part, pages 184-270, deals with the economic fact of indebtedness, that is the situation and fluctuations of mortgage indebtedness, its causes, the peculiar character of first and second mortgages, the rate of interest on mortgages and the provision of funds for mortgages. The third part is dedicated to the land credit institutes, the various types of which are described at length: *Landschaften*, Mortgage Banks, Regional Credit Banks etc. Finally, in the fourth part (pages 270-326), the principal problems of the mortgage system are dealt with. Special mention must be made of the second chapter in which a short account is given of the problems of rural land credit. The book ends with an historical appendix in which the development of the mortgage system is treated. An alphabetical index facilitates the use of the book.

The volume is in the first place a manual intended as a supplement for the use of law students. But it may also be an acceptable guide for all who desire to obtain a thorough knowledge of the German mortgage system rapidly.

GREAT BRITAIN AND IRELAND.

FINANCIAL COMMITTEE ON AGRICULTURAL CREDIT IN IRELAND. MINUTES OF EVIDENCE, APPENDICES AND INDEX. Department of Agriculture and Technical Instruction for Ireland. Dublin, 1914: A. Thom and Co. Fol. XIV + 671 pp.

We have already noted the Report of this Committee, which conducted an exhaustive inquiry into the sources of agricultural credit in Ireland. The Minutes of Evidence have now been separately published, together with a carefully compiled subject-index which greatly facilitates reference. The volume also contains a number of valuable appendices, including tables, specially prepared for the Committee, showing for each county in Ireland the charges placed on registered land and the release of charges on registered land during the months of April, May and June, 1912; the charges on lands in each county in Ireland registered in the Registry Books during the same period and the charges on land in certain counties in Ireland registered in 1910 and 1911. These tables are of special importance owing to the fact that no system exists in Ireland whereby the additions to and releases of the mortgage-debt can be readily ascertained.

ITALY.

MILANO (Prof. LEOPOLDO): LE CASSE DI RISPARMIO (*Savings Banks*). Biblioteca di Ragioneria e d'Amministrazione, Casa Editrice Dott. Francesco Vallardi, Milan, 1914.

The rich "Biblioteca di Ragioneria e d'Amministrazione" (*Book-keeping and Administration Library*), published by F. Vallardi, has been enriched by the addition of the above technical manual for the ordinary savings banks.

After some remarks on the origin and development of the Savings Banks, the author studies the organic structure and the various administrative functions of these deserving institutions and gives practical and legal information. The publication is especially useful for those who require to be acquainted with the technique of these banks.



## Part IV: Miscellaneous

### AUSTRIA.

#### CONTEMPORARY AGRICULTURAL POLICY IN AUSTRIA.

##### INTRODUCTION.

The reform rapidly carried out in Austria, after a perfectly satisfactory manner, towards the middle of the nineteenth century, relieving landed estate from mortgages, in its turn led to a new series of land problems which had to be dealt with in new laws. Unfortunately, all these problems were not solved consecutively, and on uniform principles, but by fits and starts and tentatively.

The relief from forestry and pasturage servitudes and the regulation of such servitudes (*Servitutentatent* of 1853) which were consequences of the land relief reform, presented but an incomplete solution of the complex problem. It was felt to be especially urgently necessary to get rid of other inconveniences which had grown insupportable, in connection with land transfer after the obligation of cultivating it in special ways (*Flurzwang*) (1) was abolished, and the need was particularly felt for suitable measures to prevent landed property suffering from the soil being badly distributed and the lots too scattered, as well as for provisions rendering possible the subdivision of a considerable unproductive area belonging to communities (*Gemeinschaftsgründe*) (2). These measures, designed in the sense of a relief to be

(1) *Flurzwang* : The commune, that it is to say the whole group of peasants, by a majority of votes decided the class of cultivation all farmers were bound to undertake, as well as the periods within which the various operations (ploughing, reaping etc.) had to be accomplished, and the dates for closing and opening the common meadows for grazing.

(2) A short study on "Restripping of Land in Austria", in our *Bulletin* (Year III, No. 4, April, 1912) begins as follows : "The change from the feudal régime to the present one of economic liberty was not effected without deep traces remaining of the former state of things, traces still subsisting to-day, with considerable influence upon rural economy. They are still to be found in forestry and pasturage servitudes, in collective agricultural holdings and in the irregularity of the arrangement and geometrical form of holdings" (Page 205).

granted once for all and definitely, were approved, after some hesitation, under the general name of "land operations" (clearance of forests and readjustment and redistribution of communal land), in general laws of the Empire and, in certain special cases, in provincial legislative provisions, between the middle of the period 1880-1889 and the first years of the decade 1890-1899.

At the same time, the question of the right of utilisation and management of land belonging to collective bodies and not yet subdivided, but still under collective control, was regulated. For the execution of all these various operations, special executive bodies (*Agrarbehörden*) were instituted, well suited for the work of distribution of land, but not equally so for the regulation of the rights of those concerned.

This is why the supervision of the work of the land administrative bodies in regard to the regulation of rights was entrusted to institutions having political authority. But it was not long before such a situation was found to be intolerable, and, as it was also necessary to extend the application of the above land laws to other parts of the Empire and to improve the legislative provisions themselves, at the beginning of the twentieth century on the initiative of the Minister of Agriculture, an agricultural reform was undertaken, by means of which the new laws were applied generally over almost the whole Austrian territory and the necessary amendments were made in the provincial legislative provisions; for this purpose it was in the first place necessary to provide for a permanent organisation of the land executive institutions.

The land executive institutions being thus given a uniform organisation with this new development of land legislation, the solution of the other problems became easier. It was necessary in fact to regulate and safeguard the right of pasturage in the forests belonging to third parties and to form a sufficient number of grazing grounds in the Alps for the revival of the improvement of native livestock and the increase of the livestock in the inland provinces. Together with this work for the improvement of mountain economy and the organization of the administration of farms belonging to collective bodies, there soon made itself evident in the various regions concerned a strong current in favour of special protection for the mountain pastures; to this was due the promulgation in 1907 of a series of special laws for all the mountain regions for the protection and encouragement of mountain economy. Finally, the improvement of the grazing grounds in the valleys, completing the work of general improvement of mountain economy, led to similar action in behalf of land used for grazing in the high plateaux, and the promulgation of the most recent provincial provisions in relation to mountain pastures (*Hutweiden*).

Thus, all the above "land laws", although not absolutely uniform and organic, nevertheless were developed systematically. Therefore, not only are there many links between them but their mutual and intimate connection is seen even in their practical application, as a result of which it has been necessary to ensure the uniformity of the executive institutions.

The first chapter of our study will be devoted to the Austrian legislation for the protection of the mountain regions and for the favouring the development of mountain economy, and to the progress made by the latter. The second chapter will contain an account of the Austrian laws on the new means for regulating the administration of mountain pastures and guaranteeing the servitudes over forests or grazing land. In the third chapter we shall deal with the land operations effected in accordance with the existing Austrian laws, especially those relating to readjustment of farms.

We have availed ourselves for the purposes of this study of the official data placed at our disposal by the I. R. Department of Agriculture at Vienna, as well as of the documents and communications kindly supplied to us by Dr. H. Leithe, Government Councillor at the Department of Agriculture in Vienna.

## CHAPTER I.

### *AUSTRIAN LEGISLATION FOR THE PROTECTION OF GRAZING GROUNDS AND MOUNTAIN PASTURES AND FOR THE ENCOURAGEMENT OF MOUNTAIN ECONOMY. RESULTS OBTAINED.*

#### SUMMARY.

The importance of the mountain regions for the national Austrian economy appears from the following statistics of landed property. The high mountain regions of Austria have an area of 1,432,000 ha. (more than 1,341,000 ha. in the Alps and more than 90,000 ha. in the Sudetic and Carpathian Mountains), exceeding considerably even that of the similar regions in Switzerland, (1,108,000 ha.). These regions are specially large in Tyrol (685,415 ha.), Salzburg (207,403 ha.), Carinthia (176,790 ha.), Styria (139,004 ha.) and Vorarlberg (90,518 ha.).

The proportion of the high mountain regions to the total area of the various provinces is as follows: Vorarlberg about 35 % (more than one third), Salzburg 29 %, Tyrol more than 25 ½ % (more than a quarter), Carinthia more than 17 %, and Styria more than 6 %. Comparatively smaller are the high mountain areas of Galicia (33,185) ha., Silesia (32,059 ha.), Bukowina (25,030 ha.), Carniola (13,642 ha.), Goritz-Gradisca (13,015 ha.) and, finally, Lower Austria (7,413 ha.) and Upper Austria (7,277 ha.).

#### § 1. LAWS FOR THE PROTECTION OF HIGH MOUNTAIN GRAZING GROUNDS AND FOR THE IMPROVEMENT OF MOUNTAIN ECONOMY.

The Austrian laws for the protection of the grazing grounds in the high mountain regions and for the improvement of mountain economy originated in two different provinces, each of which may claim the merit

of contributing, in some way, to the initiation of this legislation. In Carinthia, from the beginning, attempt was made to encourage mountain economy by such legislation. Thus, in that region, the law had an absolutely concrete aim; in Salzburg insistence was laid on the protection of the mountain pastures. In order to appreciate the reasons for these two different tendencies we must examine the beginnings of mountain economy in each of these two regions.

As has been said, in Carinthia, at first attempt was made to protect the forests, especially the crown forests, from excessive grazing servitudes. damage was especially caused by grazing in those altitudes where the forests afford considerable protection to the valley farms. To preserve and reconstitute these natural defences, which cannot be replaced, it has been attempted as far as possible to restrict grazing in the forests, making up for the decrease of grazing ground by the improvement of the pastures in the region beyond the natural limit of the forests. Intimately connected with this is the question of servitudes and the remedy proposed had its affinities with the French system of reafforestation. The initiators and pioneers of the improvement of mountain grazing grounds were here, therefore, the forestry agents and the institutions for the regulation of water courses (*Wildbachverbauung*). We must not lose sight of this fact in the disputes that sometimes take place in connection with *mountain grazing grounds* and *forests*, nor of the fact that such questions could only be permanently settled at the impartial bar of national economy and we know that what is of most importance from this point of view is the permanent yield. It suffices to make meadows; the less productive forest grazing grounds will disappear of themselves. Improvements in this field must first to provide the most necessary protection for the high regions now menaced, and then to contribute to the proper development of the grazing grounds in the valleys.

These were the ideas by which the Carinthian authorities were inspired and in this way for the first time in Austria systematic improvement of the mountain regions was undertaken and carried out in accordance with plans elaborated in their technical details and under the direction of the competent authorities.

As in 1901 the Department of Agriculture had granted 9,000 crs. as a contribution from the State in favour of mountain economy, and the Carinthian Diet had at the same time assigned 5,000 crs. for the same purpose, a Pasturage Board (*Alpenrat*) was instituted to examine the applications for subsidies and to arrange for the distribution of the grant made by the State and the Diet; the rules of this Board were approved on October 10th., 1902. In virtue of these precautionary measures, the provincial authorities in 1900 published a notice inviting the landed proprietors of the mountain regions to apply for subsidies. The improvement in the mountain regions "had first to be carried out in the communal mountain districts already under a special administration"; the landholder concerned had to pay 25 % of the total expense, part of which they might pay in kind. The notice went on to say "that, of course, before the improve-

works can be carried out the applicant must make formal declaration that he undertakes to provide for the maintenance made."

The execution of the works was entrusted to the institutions for the regulation of the water courses (*Wildbachverbauung*), which performed their task with zeal and ability. However, soon discord and misunderstandings arose, because the improvements carried out by this special institution were purely technical in character, that is to say they could only be considered as isolated improvements not forming part of an entire programme for the regulation of mountain economy. In short, it was precisely the reverse of what the Agricultural Department had in view, when, in granting the first permission, it insisted chiefly on the improvement of mountain economy in the sense that the work of regulation to be carried out must consist in "land relocations", whilst the plans of improvement and their technical execution ("collective operations") could be carried out by the agricultural authorities and come within the general scheme of the regulation of mountain economy. It was only as auxiliaries the institutions for the regulation of water courses could be called in to give assistance: in cases when, by way of exception, subventions were granted for mountain improvements not included in the general plan of regulation (especially on private property) or in case of works of regulation) for such as came within the special province of the institutions, namely the regulation of water courses (*Runsenbauung*). But the institutions for the regulation of water courses were not to be free to carry out these works at their discretion: but rather to act as auxiliaries of the land authorities who were to retain control over all the works of improvement and regulation taken as a whole. Now, this already been noted, this principle, which, not only from an economic point of view, but also from that of the law on regulation, was the only one that seemed reasonable, was in practice set aside from the first. Thus, the Agricultural Department found it had again in 1903 explicitly to express its view of the question, namely that problems of a technical character must be solved with strict attention to the general economic interest and consequently the direction of the improvements in the mountain regions must, as a general rule, be left to the land administrative institutions.

Soon afterwards, an inspector of mountain grazing grounds was appointed to assist the above institutions, and he, by virtue of his office, had the supervision of the mountain grazing grounds and the duty of providing for the good administration of mountain economy; he had to advise the supervising institutions of any damage detected and make proposals for repairment. It has already been said that the duties of supervising the mountain grazing grounds regulated, belonging to communities, and of seeing that the schemes for regulation were carried out and the rules obeyed were transferred from the political to the land authorities, and in this way the necessary concentration of all essential business in one and the same institution was arrived at.

The union of the work of improvement with that of regulation and the institution of a system of supervision conducted by competent men already offered a certain guarantee for the maintenance and the more or less permanent



ent usefulness of the works carried out. In view of the eventual necessity of having to compel the owners of mountain grazing grounds to keep their engagements with regard to the maintenance of the improvements effected, it only remained to promulgate legislative provisions in this sense regarding all the improvements. This was done by means of an amendment to the above land law.

The positive elements by means of which Carinthia contributed to the special legislation on mountain grazing grounds may be summarised as follows: improvement of mountain grazing grounds and at the same time the regulation of their economy; union of all the agents concerned under the unifying authority of an executive supervising institution. Before these factors had brought about the promulgation of a general law for the Alps the Carinthian legislation was left behind by that of Salzburg.

In Salzburg at first special tendencies prevailed which led to legislative provisions for the protection of mountain grazing grounds. There is a certain resemblance between these and the laws for the same purpose in other lands, especially in Switzerland, but only in so far as they have for their object the preservation of this principal branch of mountain economy and its protection. But in Switzerland this protection is limited to preventing the material destruction of the utilisable soil, whether by the elements or by man (neglect, unintelligent cultivation etc.), whilst the efforts made in Salzburg for the protection of the mountain pastures are directed against a social peril, which, by its very nature, does not affect the soil but rather its utilisation. The cause of this movement for the protection of the mountain pasture lands, peculiar to Austria, is above all this: during the last decades the alienation of land has increased to a disquieting degree, and the mountain grazing grounds have been more and more turned from their proper use. The largest and finest grazing grounds have been bought up for game preserves; the pasture lands are hardly used at all for grazing or if they are it is only by way of show, or if there is old wood on them, they fall into the hands of speculators. In both cases, the pasture lands lose their special character; those insufficiently cared for or abandoned to themselves turn into wildernesses; the soil becomes covered with brush-wood and suffers denudation, when the trees have been destroyed the land may at most still serve for pastures for goats and sheep and be used for unregulated extensive grazing; this may be seen to some degree everywhere among the mountains" (Considerations in favour of the Salzburg Bill of 1905, for the Protection of Mountain Pastures). This alienation of grazing grounds (according to the same document) in the course of the last twelve or fifteen years has in certain districts of Salzburg assumed such dimensions as to affect 20 or 40 % of the mountain pasture land.

Not less disquieting were the figures given in the statistical returns for the provinces of Styria, Lower and Upper Austria, and the danger of the disorder in the mountain economy was thus made clear. In consideration of the strict bonds uniting the economy of the mountains with that of the valleys, we can understand that these transfers of mountain pasture involving a notable decrease in the number of head of livestock, threaten

led to cause a greater general increase of the agricultural proletariat in these districts. It was urgently necessary to check the evil. It was therefore sought, "by the aid of a formula adapted to protect and encourage mountain agriculture, to pass measures to ensure that the special rôle played by mountain grazing grounds in agricultural economy might be maintained in the future" (Considerations in favour of the Salzburg Bill above cited). This was without doubt right, only the need of *encouraging* mountain cultivation should have been insisted on, for the efficacy of legislative "protection" against the transfer of grazing grounds seemed very problematic. At the same time was pressing and while the internal reinforcement of mountain agriculture was postponed for a more favourable opportunity, the measures taken were of necessity limited to its external protection.

So the Salzburg Law of April 12th., 1907 (Bull. L. Pr. No. 65) "for the protection of mountain grazing grounds" was promulgated and was the first of its kind published in Austria; this law is still in force, although its provisions have been substituted by new laws of the same character in which we shall deal later.

The characteristic provisions of the above law are as follows:

"The mountain pasture grounds existing at the moment of the coming into operation of the present law must be maintained as they are. It is forbidden to divert them from the use for which they were originally intended, to subject their soil, either entirely or in part, to any other kind of cultivation, or to transact commercial business in connection with the land which might endanger its future maintenance as pasture ground, or lead to its final alienation."

Any infringement of these essential provisions or the orders connected with them issued by the competent authorities is punishable by a fine of not more than 1,000 crowns. If, "in spite of repeated fines, a mountain grazing ground is diverted for a length of time from its proper use, the mountain grazing ground commission has the right to take the following steps: to provide at the risk and expense of the proprietor concerned for the maintenance of the grazing ground, especially for the execution of the work indispensable for its proper utilisation; to engage an administrator at the risk and expense of the proprietor, and to lease the grazing ground to third parties for the account of the landowner, generally for a period not exceeding one year.

As a general rule, the application of the law is entrusted to the political authorities. Besides these, there is an institution having the nature of a college, the provincial mountain pastures commission; this commission may permit, by way of exception, the diversion of such mountain grazing ground from its special destination, may authorize change in its cultivation or have recourse to the above coercive measures, and acts also as a court of second instance (except for penal matters coming within the competence of the provincial political authority). It has other functions similar to those of the Carinthian mountain pastures board, in relation to the offices for improvements and subventions. The execution of improvements in the mountain regions of Salzburg was, besides, as a gen-

eral rule, entrusted also to the land administrative institutions. A *Pasture Land Commission*, elected by communes in which there are mountain pastures, is attached to the district political institutions, as a special consultative body. This commission has both the right of initiative in formulating proposals it judges advisable and dealing with complaints (with the exception again of those affecting penal condemnations). The supervision of the mountain economy is assigned, as in Carinthia, to an inspection of grazing grounds. Further, a special register of these is kept at each of the political institutions interested, so that the situation and the management of all the mountain pastures may be known.

Here also, as in Carinthia, at first sight the want of sufficient concentration of the service of the executive institutions is apparent. However, the Salzburg law goes beyond the provisions in force in Carinthia, in this sense that its application requires the assistance of the proprietors, the institution of grazing ground commissions and the register of grazing grounds as above mentioned.

Taken all together, indisputably the law has a defect; it is one-sided, owing to the preponderance of the restrictions it contains with regard to the protection of grazing grounds. But it is precisely on account of this internal defect that the law has become a powerful instrument of propaganda, as its text can easily be rendered in familiar language, not without efficacy. Certainly, it was not on account of the ease with which it could be made known to the people, but of the well founded conviction of the necessity of protecting the mountain pastures, that the Salzburg bill was generally approved in 1906, at the Agricultural Congresses of Salzburg and Linz and also recommended in other parts of the Monarchy. It was only to be feared that the provincial legislatures might limit themselves to copying purely and simply a bill so strongly recommended as a model and, instead of providing for the protection of mountain pastures by encouraging their proper administration, only seek a remedy in coercive measures. Such was in fact the case in Styria where, in March, 1907, the Diet passed a bill similar to that passed in Salzburg. On the other hand, the Austrian Diet, about the same date, (February, 1907), passed a bill of protective character, but without imposing any obligation of this or that form of administration, which was declared "too great a limitation of the right of ownership", and with the supplementary provision, liable to be considerably extended, that "the object was to protect the mountain pastures as far as possible by further legal provisions, in addition to the measures projected or already taken for the encouragement of mountain economy."

Under these circumstances, it seemed advisable to resume all that had been learned by experience in Carinthia and Salzburg in a model law for all the mountain regions, to be adapted later to the local conditions of the several provinces. Unfortunately, in the preparation of this bill whole series of provisions were omitted and not included among the "principles to be followed in the preparation of provincial laws for the protection of mountain pastures", that is to say: provisions in relation to the State subsidies for the improvement of mountain pastures and the condition

under which the owners of mountain pastures might benefit by these subsidies, as well as provisions in regard to other measures of encouragement on the part of the State (courses for the management of mountain pastures, prize competitions etc.), such as are contained in the Swiss cantonal laws for the protection of mountain pastures, in their turn, based on the federal law of December 22nd., 1898. Although it was certainly desirable that there should be in the law at least a brief mention of the above measures of encouragement, it was not, however, desired that the provincial legislation should impose burdens on the Imperial finances and consequently the duty of legislating in matters of detail in regard to the subventions to be granted within the limits of the credits opened in accordance with the Imperial laws was left to the administrative authorities. The new legislation on mountain pastures thus especially assumes the improvement of pastures as a fact already accomplished and its principal object is the maintenance and preservation of the improvements carried out. The necessary provisions were found in the Carinthian laws above spoken of.

The experience there acquired having shown the necessity of the improvements and the regulation of mountain economy corresponding, it was found advisable to make the preparation of plans for economic regulation compulsory not only for commercial grazing grounds and those of collective ownership, but also (on condition of the improvements being first carried out) for those owned by individuals. Finally, in its *essential principles* we again find an attenuation of the coercive provisions as there is no longer any question of compulsory administration, but only of compulsory maintenance.

The new *model* bill was referred to the provincial administrative institutions of all the mountain regions, except of course Salzburg, and they were invited to consult the legislative bodies concerned on the matter, with the object of as far as possible encouraging the execution of the provincial legislative provisions for the protection of mountain pastures, with the full approval of the Department of Agriculture. Thus, in the autumn of 1907, bills for the protection of mountain pastures were presented in the Diets of Carinthia, Styria and Lower Austria, after detailed discussion of the above question. Similar laws were then promulgated in Tyrol, Upper Austria, Carniola, and, finally, in the Country of Goritz-Gradiska; a law for the protection of pastures is being drafted in Vorarlberg. We have already shown that amendments will soon be introduced into the Salzburg law to adapt it better to the essential principles, above all by means of the concentration of the pasture protection services in the hands of the agricultural authorities.

The new provincial legislation "on the protection of mountain pastures and the encouragement of "mountain economy", is in its essential points absolutely uniform.

The principal provisions may be summarised as follows:

- (a) Protection of mountain pastures;
- (b) Regulation of their administration and organization of pastures managed collectively;

- (c) Maintenance of the improvements carried out ;
- (d) Application of the law and executive institutions.

(a) *Provisions for the Protection of Mountain Pastures.* — The dominant principle in all these laws, although couched in different ways in the various regions concerned, is that the mountain pastures must not be diverted from their special economic destination, and it is not merely a question here of plots of land entered as pasture ground in the cadastral registers, but all land generally really used for grazing. Such land must be so maintained that it can be utilised for grazing at any moment without the least expenditure and without any special adaptation being required.

Amongst the prohibitory provisions in connection with the maintenance of mountain pastures, we may mention : a general prohibition of the diversion of the land for a long time from the special use assigned to it in mountain economy ; prohibitions similar to those in the Salzburg law in regard to its utilisation in other ways and other acts (or omissions) by which the existence of the grazing ground may be permanently menaced or rendered impossible. With good reason, among the *essential principles* are not included special provisions for the compulsory administration of the land in this or that manner. Yet coercive provisions have been introduced into the laws of Carinthia and Cariola. Practically, none of them have been applied anywhere.

The importance of mountain pastures for the mountain cattle generally, certainly, in some degree, justifies the protection of the pastures in a manner similar to that assured for the forests by the law in force. However that may be, exceptions to the above prohibitions must be allowed in urgent cases (for example, in case of damage caused by the elements, landslips etc.) or in the general interest of rural economy (for example, when a protective forest belt has to be made) ; the provincial authorities must decide in each special case, whether exceptions may be made, after consultation with the mountain pasture board.

(b) *Regulation of the Administration of the Pastures. Organisation of Pastures Collectively Managed.* — In the case of each communal grazing ground or grazing ground of collective ownership, a plan for its administration and special rules must be drawn up for submission to the approval of the competent authorities ; the authorities must supervise the execution of these plans. The preparation of such plans of cultivation is also compulsory in the case of pastures belonging to private owners who have received subventions from the State or out of the provincial funds for mountain land improvement. By the law, the authorities may, by virtue of their office, order these plans to be prepared by competent men, when the parties concerned delay presentation of them. The above mentioned circular to the provincial administrative institutions contains the following clauses : " If all the pasture lands of private ownership cannot be brought under the supervision of the authorities, as has been done in Switzerland and Liechtenstein, the extension of the interest of the public authorities in the system of pastures, the proper management "

land and the maintenance of the improvements carried out, is all the more justified when the proprietors benefit by the subsidies for improvements."

Some of the laws (those for Carinthia, Upper Austria and Tyrol) still further increase the powers of the political authorities in regard to the mountain pastures belonging to private owners and make the preparation of plans of lease compulsory also in the case of land entirely or partly reserved for grazing. These severer regulations were fully justified in view of the special economic conditions of leased pasture land.

The preparation of regulations and plans for the administration of areas of collective ownership is in conformity with the provisions of the land laws. The laws on mountain pastures also include more detailed provisions in regard to the substance of these plans and rules. In this connection we must specially note the provisions relating to the administration of mountain forests and the separation of the grazing grounds from the forests, the object of which is the preservation of higher forest regions in the real interests of mountain economy. In agreement with what has been said above, there is a provision to the effect that the plans for administration and the regulations relating to pasture land of communal or collective property must be subjected to revision by the competent authorities every ten years and that they cannot be altered without previous consent of these authorities.

(c) *Maintenance of Improvements.* — It has been admitted in this section as a fundamental principle that the improvements made in mountain pasture land with the help of State subventions or with provincial subventions must be maintained for a fixed period by the owner of the land. In conformity with this principle, it is left to the competent authorities to make the necessary provisions after consultation with the special committees and, in case these provisions are not observed by the parties concerned or insufficient care is taken by the latter, the authorities shall see that the necessary works carried out at the expense of proprietors.

(d) *Application of the Law and Executive Institutions.* — In general it should be said that it is first of all necessary that a complete statistical survey of the mountain pastures should be made, showing their situation and how they are administered. For the preparation of this statistical survey "mountain pastures registers" have been instituted, with duplicate copies of the districts occupied by grazing grounds, their natural, legal and economic conditions, as well as information in regard to the improvements effected and their results. The register is completed by the plans of administration and regulations prepared, as well as by all the decisions issued by the competent authorities in regard to mountain pastures, the subsidies for improvements, photographs etc.

A mountain pasture commission serves as a consultative institution to the authorities of the first instance; mountain pasture boards have been instituted at the offices of the *lieutenant governors*. The commission is composed of competent persons belonging to the legal or political admin-

istrative district (1); the mountain pasture board is composed of representatives of the provinces, the provincial delegation and the corporations concerned; in some provinces the functions of the board are discharged by a special body delegated by the Provincial Agricultural Board (*Ländliche Kulturrat*). The work of supervision is entrusted to one or more inspectors of mountain pastures.

As far as the mountain pasture commissions are specially concerned, it must be noted that it was desired by instituting them to stimulate the co-operation of the parties concerned in the revival of mountain pasturing grounds. And what is here of decisive importance is the provision similar to that for the first time inserted in the Salzburg law, giving the commissions the right of initiative in the formulation of proposals as well as the power of deciding on applications for appeals. The special duty of a mountain pasture board is to decide in regard to applications for conventions for improvements; it examines the improvement proposals, estimates and the appropriations.

The application of the law, including the right to inflict penalties, was at first left to the political authorities. But later on, as has been seen above in the account given of the land laws, there was an organic transformation of the agricultural administrative institutions, the effect of which was the elaboration of the methods of carrying out the proposed model law on servitudes. It was thus possible to include in the land laws a provision by which the powers of the land administrative institutions, with regard to the execution of these laws were limited in all their extent. Local Commissioners (*Lokalkommissäre*) have everywhere replaced the district political institutions, and provincial commissions have replaced the provincial political institutions.

In conformity with this innovation, in the Orders referring to the application of the provincial laws on mountain pasture lands (*Durchführungsverordnungen*), mention is only made of the land institutions. The essential provisions in these *Orders*, leaving out of consideration the detailed provisions in relation to the formation and the sphere of action of the mountain pasture board and the mountain commissions, as well as the institution of a register of the mountain pastures (with detailed statistical table of the mountain pastures), concern the improvements of mountain land in virtue of which most of the defects referred to above have been got rid of.

The local commissioner, assisted by the technical staff at his disposal, must provide for the preparation of the plans, as well as for the execution of improvements in the mountain grazing grounds, whether communal or of collective property, or belonging to private individuals; in order to fulfil his mission, he may call upon the inspector of mountain pastures for his co-operation. The land administrative institutions in Austria

(1) In virtue of the law of July 24th., 1914 (*Bulletin of the Provincial Laws of Carinthia*, No. 67), the pasture commissions have been substituted in Carinthia by the District Agricultural Federations.

have thus a far more extensive part in the carrying out of improvements on the mountain grazing grounds than is the case in Switzerland, for example, where the preparation of plans for the improvement of mountain pastures and the carrying out of the same are in their essentials left to the parties interested; whilst financial assistance, granted in the form of subventions by the Federation or the cantons, is given only in accordance with special technical and economic requirements, which are brought to the knowledge of those concerned under the form of plans intended as models and other information for their guidance, and the maintenance of improvements made is assured by means of the obligation of the approval of works undertaken and by measures for their protection. Each system has advantages and defects. The Swiss system gives more scope to private initiative; the Austrian secures the owners of mountain pastures greater protection from the State, and, in its turn, causes a considerable saving, as the authorities themselves make provision for the works.

In order to obtain a State or provincial subvention, the local commissioner, before proceeding with the work of improvement, lays before the provincial commission regularly prepared plans to be submitted to the mountain pasture board for approval and to allow of its laying down special conditions for the subvention. The final decision in regard to the amount of the subvention to be granted by the State to each of the mountain grazing grounds rests with the Department of Agriculture and, in the case of provincial subventions, with the provincial delegation, the rest of the cost is borne by the parties concerned themselves; the agricultural authorities take part in the estimation and distribution of the expenditure.

Recapitulating, we may say that the orders relating to the application of the laws on pastures (*Durchführungsverordnungen*), especially as far as concerns the improvement of pastures and the concentration of the service of the various agents contributing thereto, complete the legislation on mountain pastures; not alone the protection of the pastures, but also the work of encouraging their development and regular administration, and, finally, the whole system of improvement and the statistical returns of the mountain pastures are now entrusted to a single institution, that of the land authorities, specially qualified for the purpose, with the help of those interested in the economy of mountain pastures and with special competence in the matter.

## § 2. LAWS FOR THE IMPROVEMENT OF GRAZING GROUNDS.

The work of improving the mountain pastures cannot remain isolated, however, for regard must be paid to the "equilibrium of mountain and valley." It is easily understood that if in certain localities the cattle became less numerous in the valleys than on the improved mountain grazing grounds, farming would become unprofitable, or, in spite of imperative economic requirements, there would be a decline of interest in the im-



provements to the degree that finally the pastures, in summer on the mountains and in winter in the valleys, would in turn be unremunerative, and simultaneous increase in the production of cattle foods and in the number of cattle on the valley land would on the contrary increase the interest in the improvement of the mountain pastures and thus form the best guarantee for their maintenance and improvement. The improvement of the mountain pastures would in the future have to be effected in such a way as to find a firm basis in the economy of the valley meadows. In other words, it is in the valley that the improvements must first be made, the rather as their general object, the revival of livestock improvement, demands that the principle of the unity of mountain and valley economy in these regions be observed.

These principles were first advanced in 1908, that is to say when the special legislation for mountain pastures, was commenced by a Decree of the Agricultural Department, that was to serve as a model for the *Provincen*, the essential part of which was:

"That the measures for the protection of the mountain pastures, and for the encouragement of their development, in view of the fact that their object is the revival of livestock improvement in the mountain regions, both as regards the quality and quantity of the cattle, demand that the work be at once extended to the valleys.

The intimate connection between mountain and valley economy implies the necessity of a constant equilibrium between these two kinds of mountain livestock improvement, so that any increase in the yield of the mountain pastures (*Sommerung*) could not continue without a simultaneous increase in the production of fodder in the valleys (*Winterung*). The work begun for the revival of livestock improvement must not therefore be limited to the improvement of the high mountain grazing grounds (*Hochweiden*), but must also include the improvement of the valley land.

In this connection, we must specially consider the pastures which have to protect the valleys (*Hutweiden*), most of which are owned collectively by groups of farmers."

The decree then refers to the provincial laws for the division and regulation of mountain pastures: it is to be noted that only the Carinthian law expressly orders that "any subdivision of farms in the valleys" (the other laws only make such provisions in regard to forests) "should be made in such a way that no particular holding should suffer." Thus, in the case of Carinthia, it was enough to forbid unsuitable subdivision by law; in the other provinces, it has been necessary to "recommend the local commissioners to intervene to induce the parties concerned to withdraw such proposals". "And the question should be considered, whether, apart from the above impediments to subdivision, the special requirements of the improvement of native livestock do not demand the maintenance of such collective pastures in the valleys. The need for such grazing grounds must be conceded when there are meadows of a certain area in the valleys that may serve for the purpose in the intermediary periods between the

in which the livestock are fed in stalls and those in which they are led to graze (that is, in Spring and Autumn).

Where the applications for subdivision are made in connection with pastures which, by their favourable situation, the nature of their soil and, above all, the ease with which they can be irrigated, are specially adapted to intensive cultivation of cattle foods, the preference must be given to their division (as far as possible at the same date as their readjustment) into individual holdings". "In order effectually to encourage such transformations of farms, the Department is ready to assist the parties concerned with the grant of State subventions in cases deserving of special consideration and also in cases in which the object is merely the improvement of meadows or pasture grounds.

These subventions must, however, also benefit the communities in which meadows serving for collective pastures are maintained; but it is naturally indispensable in these cases to make provision for the regulation of the rights of use and administration taking due account of what is needful for the proper cultivation of meadows".

Finally, the *provinces* were invited to arrange with the provincial leagues and agricultural corporations for the rapid provision in regions where improvement of mountain pasture land has been proposed or partly entirely carried out, for the corresponding revival of the cultivation of cattle foods in the valleys, apart from the improvements of the nature here mentioned to be made in the valleys.

"If a wide basis can thus be found for the improvement of mountain pastures, it will in time be of the utmost importance for the projected protection of mountain pastures and the maintenance of the improvements carried out."

The above Decree serves as the basis for the execution of the work of improvements in the valley pastures, especially for the organization of permanent pastures on land belonging to private individuals or co-operative societies; the organization of these grazing grounds, guided by the ideas of Professor Falke of Leipzig, who laid down the essential principles of it, has in a short time assumed increasing importance. Not only do private farmers, encouraged by the example and the teachings of Germany, convert their holdings into permanent meadows, thus rendering the breeding and maintenance of livestock a less costly matter, but, with the help of the State, many co-operative societies are formed amongst the farmers concerned for the foundation and utilisation of pastures in common.

For this reason this action was soon given a legal basis. At first, especially in Lower Austria, most people were in favour of provisions of a general character for the maintenance of the cultivation of the meadows, but this idea was afterwards abandoned, in view of the necessity of a greater liberty of transfer in the case of land in the valleys, and it was decided to proceed upon the principle that the maintenance of the work carried out for the development of the valley pastures must be assured by the grant of subventions out of the public funds. Besides these protective measures, there was the important fact that among the legal functions of

the land administrative institutions there was included the duty of planning and supervising all the work of improvement not included in the general plan of "land operations", and thus especially the improvement of meadows belonging to private persons and co-operative societies.

Thus uniform laws for the improvement of pastures (*Hutweiden*) have been up to the present promulgated in Carinthia, Lower Austria, Salzburg.

These laws differ from those for the protection of Alpine pastures in that they contain all the formal provisions in favour of subventions and commence with the following general formula: To encourage undertakings for the improvement of meadows utilised as pastures (that is to say their extension) or to facilitate their utilisation, subventions in money may be granted (by the State or the province) in accordance with the following provisions: the provincial laws of course contain no provision in relation to the calculation of the subventions to be granted by the State; in regard to provincial subventions, only in the Carinthian law is there a provision in respect to them, by virtue of which these subventions are limited to 20 % of the total of the actual cost in case of meadows belonging to private owners, and to 30 % in case of communal meadows or those belonging to co-operative societies; the subvention may be raised for the benefit of undertakings deserving of special consideration on account of their utility or in view of the precarious situation of the proprietors.

The subventions contemplated in the law can only be granted when the parties interested engage to carry out the work of improvement in accordance with a definite plan, to provide regularly for the maintenance of the work carried out and not to divert from their use the meadows utilised as mountain pastures (*Hutweiden*). By the Salzburg law, the obligation is also extended to the successors of the proprietor concerned and note of it must be made in the cadastral register as a charge on the holding in question. In Lower Austria, the obligation to maintain the work carried out is incumbent on the proprietor only for a time fixed at the moment the subvention is granted in proportion to the amount of the latter and the importance of the work. In both the above provinces the authorities are granted special executive powers for the maintenance of the work carried out.

The application of the laws on pastures is entrusted to the local administrative institutions. They provide especially for the preparation of plans for the improvement of pastures of communal or collective property as contemplated in the laws on their regulation: and in conformity with the general agricultural plan in the case of mountain pastures (*Hutweiden*) belonging to private owners or to co-operative societies, but only at the request of the parties concerned.

Applications for subventions must be presented to the local commission. He examines them to see if the facts are accurately represented, verifies the plans and estimates that may be attached to the applications by the parties concerned and then transmits them through the provincial

mission to the provincial delegates, and, if a subvention from the State is wanted, to the Department of Agriculture.

The supervision of the execution and the verification of the improvements when completed, the examination of the estimate of the expense, as well as the supervision of the regular maintenance of the works carried out are entrusted to the local commissioner, who may obtain assistance from the auxiliary institutions and, especially, from the inspectors of mountain pastures.

The provincial commission may (in Carinthia and Lower Austria, in agreement with the provincial delegation) exempt the parties concerned, on particularly urgent grounds, from the obligation of not diverting the meadows improved for the purpose of being utilised as mountain pastures (*Bergweiden*) from the end proposed.

Such are, in their essentials, the laws on pastures. As we see, they do not apply to all grazing grounds, but only, leaving out of consideration collective pastures, which are included in the plan of agricultural operations, to those for which subventions have been asked. And, even in this case, the assistance of the land administrative institutions, as far as the preparation of the plan and the carrying out of the works of improvement are concerned, is by no means compulsory. Indeed, as in Switzerland, they are expressly entrusted with the first examination of the applications of plans, the supervision of the work in progress and the verification of the improvements carried out. Their further co-operation, especially the preparation of the plans and the execution of the work, is only necessary when requested by the parties concerned or at least when the latter go to it. In practice, as a general rule, the parties concerned have recourse to their co-operation, if only for reasons of economy.

On the other hand, the supervision of the maintenance of the works carried out is very clearly made compulsory by the law. In Salzburg, owing to this obligation being imposed by means of entries in the cadastral registers even upon the successors of those concerned, the observance of the rule is sufficiently assured. In the other two provinces the Order relative to the application of the law provides after another fashion for the service, enjoining that sufficient publicity be given to the charges by which the improved pastures are burdened (a list of pastures benefiting by subventions, may be consulted at the local commissioner's office).

*(To be continued).*

I. — *Mountain Pasture* 1892

Province	Works Carried out	Measure (Area, Length or Head of Cattle)	Salzburg			Styria				
			Number	Area	Cost	Number	Area	Cost	Number	Area
					Crs.			Crs.		
Soil Improvement . .	ha	—	536	58,196	—	173	36,475	—	173	36,475
Sowing . . . . .	ha	—	32	1,808	—	14	2,558	—	14	2,558
Drainage of Marshes .	—	30	—	4,724	10	—	4,876	17	—	—
Irrigation . . . . .	—	1	—	54	—	—	—	—	36	—
Reinforcement Works .	—	11	—	8,589	13	—	1,050	51	—	—
Roads . . . . .	metres	29	79,900	131,673	22	36,860	61,674	53	15,130	86,860
Paths and Roads for Carriage of Manure	metres	78	58,600	33,829	31	36,510	14,469	32	58,600	33,829
Cattle Stalls . . . .	head of cattle	11	618	59,139	37	1,130	86,860	68	3,284	—
Sheds . . . . .	—	2	26	1,674	2	40	—	6	—	—
Ditches for Manure etc.	—	87	—	15,331	24	—	11,680	53	—	—
Herdsmen's Sheds . .	—	22	—	46,781	12	—	15,274	28	—	—
Laying of Water Pipes	metres	21	4,395	13,575	8	6,072	16,904	31	51	—
Reservoirs . . . . .	—	2	—	1,350	4	—	4,263	21	—	—
Drinking Fountains (for Cattle) . . . .	—	93	—	3,284	69	—	2,498	101	—	—
Enclosing . . . . .	metres	—	17,025	25,025	—	58,610	21,347	—	22,110	—
Miscellaneous . . . .	—	—	—	7,337	—	—	—	—	—	—
Total of Grazing Grounds Improved . .	—	28	8,777	412,369	49	4,062	279,928	77	25,694	—
State Subventions . .	—	—	—	247,791	—	—	166,500	—	—	—
Provincial " . . . .	—	—	—	43,204	—	—	—	—	—	—

put up to the End of 1913.

Tyrol			Lower Austria			Total	
Area	Cost	Number	Area	Cost	Number	Area	Cost
Crs.			Crs.				Crs.
38,985	—	274	58,042	—	283	6,948	3,056
2,267	—	33	3,392	—	30	5,680	119
—	12	—	4,522	—	—	69	—
—	17	—	5,071	—	—	54	—
2,063	6	—	3,959	—	—	82	—
1,000	500	25	56,250	57,820	1	4,000	1,000
980	33,945	55	73,150	26,106	—	5,000	300
224	59,644	57	4,150	374,772	3	390	23,800
—	—	9	336	29,749	—	—	19
—	10,032	59	—	35,911	2	—	10,000
—	23,514	43	—	156,280	1	—	4,500
2,394	8,650	32	16,883	67,665	—	—	111
—	19,745	12	—	3,151	1	—	6,500
—	4,004	47	—	5,653	8	—	1,080
2,143	1,914	—	18,274	15,319	—	10,500	14,000
—	401	—	—	5,453	—	—	—
1,534	205,664	73	23,934	852,865	8	1,182	73,808
—	104,729	—	—	302,045	—	—	58,663
—	45,880	—	—	78,108	—	—	—

## Cost of Mountain

Province	Salzburg		Styria		Cost
Works Carried out	%	Expenditure — crs.	%	Expenditure — crs.	%
Soil Improvement . . . . .	18	73,371	16	44,959	17
Road Construction . . . . .	40	165,502	27	76,134	37
Farm Buildings . . . . .	26	107,594	36	102,134	34
Ditches for Manure etc. . . .	4	15,331	4	11,680	2
Water Supply . . . . .	4	18,209	9	23,638	5
Enclosing . . . . .	6	25,025	8	21,374	3
Miscellaneous . . . . .	3	7,337	—	—	—
Total Expenditure . . . . .	100	412,369	100	279,926	100
State Subventions . . . . .	60	247,791	—	166,500	64
Provincial Subventions . . .	10	43,204	40	—	—

## II. — Mountain Pasture Improvements

Province	Salzburg				Styria				Cost
Works Carried out	Measure (Heads of Cattle, Head of Cattle, and Number of Fountains)	Number	Area	Cost — crs.	Number	Area	Cost — crs.	Number	Area
Total Area . . . . .	Ha.	14	1,007	—	22	620	—	56	69
Usual Number of Head of Large Cattle . . . . .	Head	—	681	—	—	610	—	1,441	—
Soil Improvements . . . . .	Ha.	—	358	33,874	—	83	31,232	—	37
Drinking Fountains for Cattle . . . . .	Number	—	42	2,538	—	15	7,129	—	3
Enclosing . . . . .	Metres	—	2,535	1,378	—	20,945	9,819	—	10,087
Miscellaneous (1) . . . . .	—	—	—	30,116	—	—	11,666	—	—
Total Pastures Im- proved . . . . .	Ha.	14	1,007	67,906	22	620	59,846	56	69
State Subventions . . . . .	—	—	68 %	46,141	—	50 %	30,012	—	44
Provinc. Subventions . . . .	—	—	—	—	—	—	200	—	—
Proportion spent on:	—	—	%	—	—	%	—	—	%
Soil Improvements . . . . .	—	—	50	33,874	—	52	31,232	—	55
Drinking Fountains . . . . .	—	—	4	2,538	—	12	7,129	—	6
Enclosing . . . . .	—	—	2	1,378	—	16	9,819	—	24
Miscellaneous Works . . . . .	—	—	44	30,116	—	20	11,666	—	31
Total Expenditure . . . . .	—	—	100	67,906	—	100	59,846	—	100

(1) Principally Building of Cattle Stalls and Road Construction.

carried out.

Camilla		Tyrol		Lower Austria		Total
Expenditure crs.	%	Expenditure crs.	%	Expenditure crs.	%	Expenditure crs.
13,315	9	74,986	17	12,625	15.5	425,700
34,445	10	83,926	2	1,300	25.5	699,025
83,158	66	560,801	38	28,300	43.0	1,194,558
10,032	4	35,911	14	10,000	3.7	101,654
32,399	9	76,460	10	7,580	7.4	201,668
1,014	2	15,319	19	14,000	3.8	103,931
401	—	5,453	—	—	0.5	13,101
205,004	100	852,865	100	73,805	100	5,739,803
104,729	35	302,045	79	58,603	53	1,404,701
45,880	9	78,108	—	—	6	167,102

to the End of 1913.

Tyrol			Lower Austria			Upper Austria			Total	
Area	Cost	Number	Area	Cost	Number	Area	Cost	Number	Area	Cost
crs.	crs.		crs.	crs.		crs.	crs.		crs.	crs.
274	—	14	501	—	4	281	—	118	4,319	—
230	—	—	1,230	—	—	387	—	—	5,589	—
301,930	—	—	203	59,591	—	41	13,557	—	1,510	262,006
602	1	60	37	16,650	—	48	3,932	—	206	47,660
1,000	300	—	20,100	15,287	—	35,645	28,769	—	184,430	123,914
—	800	—	—	67,278	—	—	40,070	—	—	230,722
274	3,090	14	501	158,806	4	281	86,328	118	4,319	684,302
40 %	1,236	—	75 %	119,535	—	60 %	51,452	—	56 %	384,945
26 %	805	—	—	—	—	3 %	2,557	—	3 %	17,528
%	—	—	%	—	—	%	—	—	%	—
62	1,930	—	38	59,591	—	16	13,557	—	41	282,006
602	60	—	10	16,650	—	5	3,932	—	7	47,660
6,659	10	300	10	15,287	—	33	28,769	—	18	123,914
—	26	800	42	67,278	—	46	40,070	—	34	230,722
100	3,090	—	100	158,806	—	100	86,328	—	100	684,302



## CHINA.

### CULTIVATION AND SALE OF RICE IN CHINA,

by M. F. FARJENEL.

The populations of the Extreme East consume a very large quantity of rice. It is the staple diet in all Southern China, Indo-China, Japan and to a large extent also in North China. However, in the north, a great deal of wheat flour is made into bread, generally baked by means of steam.

In any case, rice is reckoned by the Chinese to be their principal food. Its importance may be compared with that of wheaten bread in Europe and especially in France.

The cultivation, manipulation and trade in rice are then of the utmost economic and even political importance. In the long history of China, the Emperors have, indeed, often interested themselves in regard to rice as a rice famine might lead to very serious trouble; they thus provided for the foundation and maintenance of rice elevators. The sovereigns who specially busied themselves in the performance of this part of their duty are considered by the people, as the best they have had.

It would be very interesting if it were possible to treat the subject of rice in China scientifically with the help of figures. Unfortunately, the Chinese have not as yet given their attention to the study of political and social economics, they have done nothing in that line worth noting, and are ignorant of the value of statistics and statistical methods. The new generation, some members of which, belonging to the best social classes, have studied in Europe and America, has not yet been able to undertake these studies and so furnish the foreign enquirer with the necessary documents to enable him to treat the matter with the accuracy required.

Therefore, when we wish to give an account of the cultivation of and the trade in this important product, we find we have to limit ourselves to a general outline. China, also, is so extensive a country that the customs of one province differ in important respects from those of another at a distance from it. Nevertheless, it is possible to give a general sketch of the real aspect of the principal economic results that may be traced to rice, provided we do not enter into details for the consideration of which most frequently we have no data. So, the present study is merely tentative.

\* \* \*

Although there is one kind of rice that is cultivated on dry soil, that which is consumed by the largest number of inhabitants of the Extreme East grows in extremely damp soil. In order to grow, the plants must be in water, in soil saturated with it, forming a kind of slime. Thus, in Southern China and in the deltas of the rivers of Indo-China, the plains, all cultivated with this valuable plant, present the appearance of chess-boards with squares divided by mounds of earth, forming low dikes to keep back the water and make basins communicating with each other. The surface of the soil must be flat, so that the field may be evenly covered with the quantity of liquid necessary for the life of the plant.

In districts where the soil is uneven, and in the mountains, the farmer is obliged to transform nature. In many districts we see ricefields on the hill sides in a succession of terraces; the water, coming from some high source, serves for these various terraces one after another.

After the ground, or rather the mud, has been ploughed with primitive ploughs, drawn by buffaloes, men, women and even children, barefoot in the blackish water, transplant one by one the plants from where they were originally sown. This work is accurately expressed, or rather depicted, in the written character serving to indicate rice, the word *taoze* being represented ideographically by hands immersing grain in a basin.

This system of transplanting for which much care is needed, is specially suited to the kind of family farming characteristic of the agricultural life of Annam and China. All work under the orders of the head of the family, who has sometimes ten, twenty, thirty or even more persons under his control. The planting, harvesting, threshing and all other operations are carried out in common by the small agricultural community, no member of which receives separate payment, as each must give all his labour to the group which assures him of sustenance. It may be said that this form of collective family farming is the most general in the whole of China. As the Chinese peasant is very patient, very much devoted to his work, to which he gives very many hours, although he works slowly, this system of cultivation gives a considerable return.

Rich families, who possess large rice fields, hire labourers on various contracts, by the year or the piece, who work with their masters and between whom and the masters' children practically no difference is made, but these are not sufficient for what is called extensive cultivation in Europe.

The grain ripens in spikes; the threshing is generally done on stone doors, in the temple dedicated to ancestral worship, if the family is rich enough to own one; the rice is husked by means of rough wooden flails. In Indo-China, there are rice fields where steam threshers are used.

Foreigners call unhusked rice *paddy*, a name everywhere current in the Extreme East.

In most rice fields, there are two crops a year. Some fields, either on account of the difficulty of irrigation at various seasons, or for other reasons, only permit of one.

The population is extremely large, the peasants are very poor; so, if the soil gives rice of good quality, the family, instead of taking the amount required for its personal consumption from its own crop, prefers to sell its *paddy* and buy rice of inferior quality.

When the families cultivate ground that is not their own they often pay rent in kind; the proprietors thus sometimes have a supply of rice in excess of their requirements and can sell it.

Thus the rice placed on the market, above all in the interior, is supplied 1st., by farmers working their own land; 2nd., by tenant farmers; and 3rd., by landlords not farming their land, but leasing it.

#### (a) *Purchase of Rice from the Farmer.*

Native rice is sold in the husk, that is to say as *paddy*; but it is also sold quite husked, in smaller quantities, however. The Chinese we have consulted reckon that the amount of *paddy* sold is more than twice that of the husked rice, or that the proportion is as seven to three.

The rice is sold either on the farm or on the market. The rice merchants or their commission agents visit the villages at the moment of the harvest and make the farmers or the landlords offers for their rice.

As a matter of fact, the peasants prefer not to deal with these middlemen; they like better to sell their *paddy* or their rice on the market; but it often happens it is too far away, the roads are not practicable for, as nobody keeps them in order, they may be rendered so bad by rain that transport is too difficult for the poorly equipped peasant; or again, sometimes, the roads are not safe as robbers infest the country. In these cases, the peasants sell their rice to the active enterprising agents who come to the farm itself for it and transport it at their own risk and perhaps paying, if need be, a small tax to the banditti they meet. But of course they pay a low price for the rice.

These agents, though they do not buy the standing crop, sometimes advance the farmer, before the rice is ripe, either money or provisions.

When it is time for harvesting, the agents, or the merchants, come to supervise the work on the spot, and they are obliged to travel a great deal as the rice matures at different dates on different soil in these large provinces.

Wherever there are streams of water permitting of it, the *paddy* is carried in junks to the markets or the merchants' warehouses, and it is a fortunate thing that China is well supplied with waterways. The importance of waterways for the transport of rice is so great, that the Emperors constructed a canal from the region of the Yang-Tse-Kiang to the neighbourhood of Peking, specially for the purpose of bringing northwards the tribute of rice paid by the South.

(b) *Sale on the Market.*

On the markets, purchasers are divided into three classes: 1st., agents; 2nd., merchants properly so called; 3rd., warehousemen.

The first are only middlemen who could often be dispensed with, where Chinese customs differ from what they are. In fact, in the case of business transactions between two individuals Chinese custom is peculiar. In all business transactions, even not commercial, it is usual to have recourse to a third party; in case of differences, he must soothe the susceptibilities of both parties, for the rules of the country do not allow of open contradiction; this is the origin of the intermediary. Even for marriages proposals and agreements are made through intermediaries. The custom is universal. The intermediary also stands surety.

The merchants properly so called buy *paddy* or rice on the market, and they may be said to be direct purchasers, for, generally, they deal with brokers who have purchased in the villages and resell. Often also, the farmer who himself brings his crop to the market is represented by an intermediary to whom he pays a small commission.

Finally, the third class consists of warehousemen, who store the rice bought by the peasants up to the time of the sale: they also act on occasion as brokers.

Between these three classes, there is a continual series of transactions of sale and purchase.

The dealers keep themselves very well informed with regard to the state of the standing crops. As soon as the harvest begins, they get samples of the rice, estimate the quality according to districts and give proof of that shrewdness which makes the Chinese excellent speculators. Thus, the price is fixed beforehand, for the demand is known and estimated in accordance with previous years. In spite of there being no accurate statistics, it does not appear that the dealers are much at fault in their calculations.

There are many merchants; they have not much capital and therefore cannot form trusts which would prevent freedom of sale by the establishment of a monopoly of this article of the first necessity.

It sometimes happens, indeed, that, in order to purchase the entire cargo of a junk consisting of rice of a certain quality, the merchants form co-operative associations for purchase limited to that one operation and then distribute the goods in proportion to their commercial requirements, but these associations are not real trusts. Their object is to facilitate the purchase of rice, under favourable conditions, by small merchants who only obtain it in limited quantities.

In certain districts, indeed, good quality rice is not consumed to a large extent; the poorest regions buy only a very small quantity of this rice, but there are always families well enough off to purchase a little of it.

It is to the interest of the merchants of these regions, who could not buy rice, little of which they can sell at a remunerative price, to become members of the above co-operative societies.

Trade is free in China. There are merchants who do not belong to any corporation and we may even say that every Chinaman has an aptitude for commercial business. So, people who are not rice merchants, if they have the money available, buy sacks of rice to re-sell with the idea of making a profit.

However, in practice, the merchants associate in corporations like all other Chinese merchants, for in China the spirit of association is universal. Thus there are regional or local rice merchants' associations for the defence of their members' interests, the object of which is partly to try to regulate prices.

This system might lead to monopolies, and the artificial raising of prices, giving the members a profit out of proportion to the economic services they render; but in fact this does not happen.

The freedom of trade, on the one hand, and the large number of small merchants, on the other, prevent the corporations degenerating into trusts.

But the most powerful check upon monopolists is to be found in the operations conducted by the charitable associations and the public authorities.

#### *(c) Sales at Low Prices and Distribution of Rice.*

The charitable associations, interested in rice, are groups of distinguished, rich and philanthropic persons, whose object is to relieve the sufferings to which the want of economic organization in China exposes the inhabitants in times of scarcity. The country is so large that even in the best years there are some districts where, owing to bad harvests, famine decimates the excessive population who, while in ordinary seasons they manage to live with difficulty, have no reserve against bad seasons.

The associations above mentioned use their capital to purchase large quantities of rice to be sold again at cost price to the poor.

The customs of the country would not allow the merchants' corporations to oppose the beneficent work of these charitable associations; the merchants would be discountenanced and dishonoured if they tried to. In fact, the corporations assist the associations, by selling to them at very low rates.

These charitable associations sell at cost price, that is to say at the price they themselves have paid, themselves bearing the expenses of the purchase.

Again, with a view to future periods of scarcity, the Government, wherever possible, erected elevators for rice, bought with the funds derived from taxation or collected as contributions in kind, most frequently in payment of the land tax. The expression, "contribution", when applied to taxes in China before the Revolution is somewhat inaccurate for, in those days, the tax was a tribute paid to the universal proprietor, the Emperor, and the grant of rice out of the public elevator was a charitable gift on the part of the prince, the parent of his people.

The charitable associations and the Government have always been careful not to buy or store poor quality rice, their object being only to succour the famished and prevent their death from hunger.

In fact, their efforts are often insufficient; in some years of bad harvest terrible famines destroy as much as two thirds of the population of some prefectures, even of some provinces. The history of the last century contains a pitiable record of such famines.

The rice supplied for the relief of distress is sold in special warehouses, provisionally established in the pagodas, the common property of the towns, or in temporary huts erected in the public squares.

In times of severe famine, when those who are not well off and even the rich might be tempted to purchase rice cheap, the charitable societies deliver orders both inscribed and not inscribed, on which the quantity of grain to which the purchaser is entitled is entered. These orders may be compared with the tickets for bread given to the poor in our countries.

In China, as in Europe, a man would forfeit general esteem, if he had recourse to public charity, while still in possession of sufficient means of subsistence. So, only the poor — and poverty sometimes means an unheard of degree of destitution — present themselves at the window of the offices where the orders are distributed.

The charitable associations, generally, situated in the towns or large villages, send junks with rice along the canals to the towns and small villages.

The Government rice elevators in the last century it seems did not render all the services that might have been expected from them.

Many officers, whose duty it was to keep them stocked, were dismissed or punished by the Government for bad management. The elevators remained empty when they should have been filled; the agents sold the stores of rice for their own benefit; the absence of all real supervision, characteristic of the Imperial administration, led to a considerable amount of intrigue in all the prefectures. In many of their edicts the Emperors made public complaint of the deficiencies and venality of the functionaries, but no effectual remedy could be effected and the defects of this system were to a large extent the cause of the revolution.

In addition to the taxes being levied on a very bad system, from 70 % to 80 % of what was collected did not reach the Treasury offices. This was the case both in respect to the tax in kind, collected in rice, and to the tax in money. Thus, the amount that should have been reserved for bad seasons was in this way considerably reduced.

In addition, the rice bought from foreign countries by the mandarins of the maritime provinces of the south was misappropriated in every way, Chinese governors are frequently guilty of such acts, the archaic patriarchal administration no longer meeting the requirements of modern society. The dismissals and punishments of officers, of too rare occurrence, only resorted to in extraordinary cases or when the malversations, embezzlements and corruption became really too scandalous, were ineffec-

tual. So, the system of provision, by means of public elevators, could succeed.

This was the situation at the outbreak of the revolution in which the Imperial dynasty disappeared, in October, 1911.

Then the revolutionary storm swept away everything, many mandarins were massacred, while others fled; as the disturbance has not ceased, and no administrative reform in the sense of the western systems has been commenced, the situation in regard to the rice elevator has not changed. Very fortunately in these latter years the harvests have been particularly good, as in the year 1912, for it would have been impossible to apply even such insufficient remedies as in the past in case of a disastrous famine.

In all the country there has been no need to distribute rice to the poor, and the trade has not been therefore affected.

#### (d) *Rice Merchants' Corporations.*

The corporations of rice merchants are composed of all those who habitually trade in rice, the commission agents, brokers, warehousemen and merchants owning warehouses for the sale of rice. Distillers of spirits from rice and dealers in the same are also members of them.

It is not compulsory to belong to the corporation; but, in fact, when a man has engaged in the rice trade, he soon desires to profit by the advantages of the association; everything urges him in that direction.

Those who undertake the husking of *paddy*, even when they limit themselves to that, are considered as rice merchants; but really the husker of rice is at the same time a merchant.

The corporations, like those for every class of trade, have a board of management for the whole association: an office consisting of a president, secretaries etc. The Chinese have been long accustomed to collective action; they are habituated to it in their families where each is literally a number: he is in fact designated by a figure: the first, the third etc. Before all things he belongs to his group. However, if the corporation may, in certain circumstances, act collectively, neither its object nor its effect is the suppression of the commercial individuality of its members and thus it does not encourage a system of monopoly.

On the contrary, the Chinese, living in a society, in which for long ages, there have been no noble classes, have a keen sentiment of equality which often gives rise to a curious jealousy. Consequently, they endeavor to realise this idea in the corporation and expect it to establish among its members a respect for a certain distributive justice in commercial matters. For example, when rice is purchased from the farmers, they see to it that the distribution is always made in proportion to the average means of each.

The rice merchants' corporations are always urging the public authorities to forbid the exportation of rice in good seasons.

This action, which at first sight seems inconsistent with a wise economy, none the less has beneficent effects. In fact, unless a reserve supply be

restored, it would not be possible, on account of the difficulty and the high cost of transport, when a bad harvest comes, to obtain from foreign markets, as the rest of the world does, the grain necessary for the food of the people.

It must be noted that China does not produce an amount of rice sufficient for its requirements for many years; any measure tending to prevent the export of this first necessity of life is therefore an advantage to the country. On this point, the interests of the trade and of the public are in agreement. This action of the corporations in checking exportation, tends to hinder or limit the rise in prices in future years.

The profits of the merchants of rice are very small compared with the amount sold; they are satisfied with only 2 or 3 per cent. Very large wholesale merchants are rare in proportion to the population. Those who are richer than their fellows buy on a larger scale but never with the object of monopolising the market.

If they were tempted to do so, or even if the members of a corporation endeavoured to form a trust to control the market price for their own advantage, the magistrate would at once intervene.

Under the old government, in fact, the authority of the mandarin, representing the sovereign, was theoretically absolute, like that of the Emperor. The prefect, or sub-prefect, who by force arrested and punished merchants guilty of monopolising the market, would have done his duty and have been supported by public opinion. But such cases as we have supposed are not recorded.

At present, trade is in theory free, as the provisional constitution (May, 1912) proclaimed it; but on May 1st., 1914, a new dictatorial constitution was proclaimed by the President of the Republic who has, theoretically, absolute power for an indefinite period, as the new constitution does not fix any term for the office of the first magistrate of the State.

Although this new system is contrary to the ideas of the men who made the revolution and of whom the elective bodies were composed: the Chamber, the Senate, the Provincial Assemblies etc., which are now dissolved and broken up, it is none the less the actual government of China today. We can therefore no longer say that there is still free trade according to law, as proclaimed in the first constitution of the Republic, as the merchants' corporations and all merchants are now under an absolute government resembling that of the Empire. But this new system of government which has revived the systems in force under the former dynasty seems to have no more than an interest in interfering with the freedom of trade, which in fact still continues today. It can interfere with it the less easily as the former staff of mandarins whose exactions once constituted a great hindrance so trade have been too widely scattered by the revolution soon to resume all their positions and reintroduce their former practices.

At present the only difficulty in the way of commercial transactions is the latent anarchy resulting from a revolution which has not yet come to an end, as the adversaries of the present dictatorship continue



the struggle against it even by violent means. In 1913, the nationalist revolt in the Southern provinces created serious difficulties for the rice trade; that civil strife which was extended to the larger part of China, if it led to a special financial crisis, and the depreciation of the value of the local banks to about half their value, does not seem to have directly affected the rice trade. In the midst of the political turmoil, the merchants have continued their ordinary transactions in connection with this important article.

(e) *Importation of Rice.*

Foreign rice enters China as a rule through Hongkong, a British port, in a good position on the confines of the populous province of Canton. This rice comes from Indo China, Birma and Siam.

In the first of these countries, near Saigon, the capital of Cochin China, there is a Chinese town under French government. There, about 200,000 Chinese are engaged either directly or indirectly in the manipulation, husking, purchase and sale of rice. There are many large factories for the preparation of rice, turning out between 1,000 and 1,500 tons a day.

Chinese purchasers in the Cochin China provinces buy *paddy* from the Annamites fairly cheaply, thanks to their knowledge of the language of the country, which they learn easily, and of the writing, for the Annamites use Chinese characters. Large fortunes have thus been made in the rice trade by Chinese at Cholon, the town we refer to.

In the absence of complete statistics, it is difficult to know precisely the amount of rice imported, as, by a very serious fraud, part of the rice which enters China escapes the vigilance of the Customs offices in the European direction. According to the figures furnished by this department, in 1910 China bought 9,409,594 piculs of foreign rice for a value of 119,000,000 francs and in 1911, 5,302,085 piculs valued at 70,000,000 francs.

Rice is not exported from China, nor do foreigners buy it there; a certain quantity, generally of inferior quality, does leave the country and serves as food for the Chinese, about 8,000,000 in number, who have emigrated to the confines of China, to the South and to the Straits. The exportation has scarcely any interest for international trade, which we find no advantage in competing with it.

On the contrary, what is of importance for it is the importation of rice, by a population consuming it largely who doubtless for a long time will not be able to produce enough for all their needs.

In accordance with the most recent investigations and the most reliable information, the Chinese population is reckoned at about 440,000,000. Such a mass presents an enormous consuming force, but before the importation of rice can be very advantageous for foreign importers, China must develop economically and industrially; the population, now extremely

must be enriched, so that this imported rice may be exchanged for produce of which foreigners have need.

It is especially necessary that a new industry should allow of production, with less labour, of greater value than is obtained from the rice now cultivated by so many Chinese. It seems that mining industry might answer the need, for geological investigations in China have shown that the subsoil of the country is one of the richest in the world. All the principal metals exist there together with coal in considerable quantity.

Before there can be a larger importation of foreign rice in China, the country will have to improve and increase its means of internal communication; for the cost of transport of this heavy and bulky merchandise is high. It will only be possible to introduce foreign goods of the class of rice and other grain when railways, and river and canal communication have made great progress.

At present, the rivers afford the best means of transport, but, in spite of the abundance of streams, they cannot serve every part of this immense country. The absence of roads, necessitating heavy expense for carriage, will render the importation of rice in the remote provinces almost impossible, and the population will remain exposed to the terrible famines which sometimes decimate it, until there is a system of good roads.

Until the means of communication correspond with the number of inhabitants, the natives of the interior must, therefore, rely on their agricultural industry for their livelihood.

The Chinese are excellent farmers, very industrious, very sober, understanding their business well, very devoted to it and really attached to their native soil, which they look upon as a second divinity, the mystic use of Heaven who sends the fertilising rain.

In spite of these qualities and of the industry of the farmers, in the country districts poverty is general; the slightest economic change produces want and even the most extreme destitution.

One of the causes of this is to be sought in the ignorance and indifference of the governors in the last few centuries. They permitted the population to destroy all the forests and did not arrange for re-afforestation. The consequence is seen in terrible inundations which lay waste the country, rendering cultivation in the mountain districts very difficult or impossible, as the water carries away the soil and leaves only bare rock. The peasants are thus obliged to concentrate in too large numbers in the neighbourhood of streams where they fall victims to floods which destroy their standing crops and force them in vain to redouble their efforts.

Thus regions, which might have supplied abundance of agricultural produce and enriched the country, have become the most unfruitful and poorest; so that China, in spite of its large area, can hardly feed its population.

The continually increasing number of foreigners in China during the last half century, the resulting conflicts, the indemnities the Government has had to pay in consequence of wars or rebellions, the increasing needs due to new contracts, and the attempted reforms have induced the Govern-

ment to contract loans abroad and have thus obliged the country to pay the interest on the loans, the principal of which is now 6,000,000,000 francs, to export amounts which would have been more usefully employed in the organization and enrichment of the nation. As also the loans have not been invested advantageously and money has been lost, the general disorder, there has been an increase of poverty. In order to pay the interest, in the absence of a reasonable and profitable system of taxation, the Court increased the taxes and established new ones which largely alienated the population already so poor, who, being too numerous for the profit derived from the soil, had had the greatest difficulty in paying the former taxes, although they were very light. Hence, a general unrest and irritation which, notwithstanding the peaceable character of the Chinese peasant, has ended in a revolution.

But this, which up to the present has only affected the political life, has in no way remedied the economic evils which chiefly led to it. The Chinese peasants, forming the immense majority of the nation, are still exposed to the same distress, the principal causes of which were indicated above.

Today the improvement of agriculture, reafforestation, and the cultivation of large territories which must be again rendered fertile, are a real necessity for China.

If this improvement is not realised, emigration will increase, and the Chinese peasant, abandoning the soil which does not yield him sufficient nutriment, will be forced to go and seek his daily rice abroad and in the rest of the world, pacifically or otherwise.

Already in Australia, America and elsewhere, Chinese emigration presents a serious problem in regard to international labour competition.

Thus, the question of rice in China, which, at first sight, seems only to concern the inhabitants of that country, is really of universal importance.

## UNITED STATES.

### THE PROBLEM OF THE ECONOMIC DISTRIBUTION OF AGRICULTURAL PRODUCTS: RESOLUTIONS OF CONGRESS.

In this *Bulletin* we have more than once had occasion to refer to the fact that among American farmers there is widespread and growing dissatisfaction with existing methods of distributing farm products. Briefly, the farmers complain that the fraction which they receive of the ultimate price paid by the consumer is unfairly small, and that as a result farming is yielding either a very small margin of profit or no profit at all.

With the object of ascertaining the facts by an investigation of the whole process of distribution, the Government, in 1913, established a special office under the title of the Bureau of Marketing, and at the same time with the object of supplementing the work of the new Bureau and, specifically, for the purpose of promoting sound schemes of co-operation among both producers and consumers, organized, under the direction of the eminent economist Professor T. N. Carver, a small special division known as the Rural Organization Service. These new divisions have been steadily at work for some twelve months, but as the questions with which they are occupied are notoriously complicated and the enquiries have to be conducted over an immensely wide field, it is too early yet to expect them to produce tangible results.

In the meantime, however, the discussion of the problem of finding more economic methods for the sale and distribution of farm products continues unabated in the United States, and, on two occasions at least, has occupied the attention of Congress. On September 8th of this year Mr. Fletcher introduced in the Senate a "Joint Resolution for the Appointment of a National Marketing Commission," and two days later Mr. Goodwin introduced the same Resolution in a slightly amended form in the House of Representatives. As amended the Resolution reads thus:—

"Whereas it is patent that there are defects in the economic system of the United States which affect adversely the producers and the consumers of agricultural products; and

"Whereas these defects have been accentuated by the European war, and to a degree justifying the recent utterances of the President of the United States in the matter of the high cost of living; and

"Whereas various attempts have been made from time to time to overcome these defects, mainly through non-governmental agencies, and recently

under governmental agency under the Bureau of Marketing of the Department of Agriculture ; and

"Whereas experience has, however, proven that the solution of this question is not to be found in non-governmental agencies nor is it to be found in a governmental agency. It is to be found in a semi-official governmental agency, as is here proposed, as witness the success in the European countries of such a system, a system which has swept aside the trust in food products and which renders the trust an impossibility ; and

"Whereas the present abnormally high prices for food products now alone offers an opportune time for the establishment of a semi-official governmental agency as a means for the temporary solution of this problem and also for the organization of the agricultural forces of the United States on the lines indicated as a means for the permanent solution of this problem. Now, therefore, be it

*"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President be authorized and requested to appoint a National Marketing Commission to be composed of 29 members, 15 of whom shall be farmers and 14 of whom shall be selected with reference to their eminence in commerce, law, finance and transportation.*

SEC. 2. That such National Marketing Commission shall meet in the city of Washington at a time designated by the President and organized by the election of officers, and adopt a plan of action for the effective organization of the States, counties, and localities of the United States for the economic distribution of the products of the farm, with power to act in so far only as affecting individuals and organizations that shall elect to become a part of this national marketing system."

It will be seen that the Resolution as it stands gives very little information as to what powers it is proposed to confer on the National Commission or as to what its precise duties would be. The Resolution was under consideration by the House of Representatives Committee on Agriculture on September 14th, and on that occasion Mr. David Lubin the United States Delegate to the International Institute of Agriculture, who may be regarded as the real author of the scheme, explained his views at some length.

From Mr. Lubin's evidence it appears that what is contemplated is the creation of a huge number of commissions which, under the final direction of the National Marketing Commission, will form a single vast organization, not, indeed, for the actual work of selling and distributing farm produce, but for the dissemination of information as to markets and for the provision of all the other facilities necessary for the economic distribution of such produce.

The National Commission would be appointed in the first instance by the President. The Governors of the States would then appoint State Commissions ; the State Commissions would appoint County Commissions ; and, lastly, the County Commissions would appoint Township Commissions. The County and Township Commissions would make provision for sending

the local products to market in the right quantities and at the right time, and would where necessary establish open air and covered markets, sample rooms, exchanges and auction rooms, providing separate divisions in the various salesrooms for wholesale and for retail selling. The National Commission in Washington would resemble the German *Landwirtschaftsrat* inasmuch as it would act as an Advisory Council of the Government in all matters affecting agriculture and particularly in all that related to agricultural legislation, but as its most important function would be to direct the business of selling and distributing farm products, it would resemble even more closely the Board of Directors of a co-operative selling association or "Exchange". The majority of the members of all the Commissions would be farmers, while the minority, it is intended, would be composed largely of business men of high ability thoroughly familiar with modern methods of distribution and sale.

Under the expert direction of the Commissions the distribution of farm products would, it is claimed, be effected with maximum regularity at a minimum cost, and as a result the producer would receive better prices and at the same time be relieved from the risk and anxiety of selling through agencies over which he has no control; while the consumer would benefit by having assured to him constant supplies of fresh products at fair and reasonable prices.

On September 4th, 1914, the Senate passed another Joint Resolution which may in the course of a comparatively short time prove to be of immense importance, and which if acted upon will introduce an entirely new factor into the problem of distributing the world's supply of agricultural staples. The Resolution in question aims at securing, through the medium of the International Institute of Agriculture, the convening of an International Conference at Rome for the consideration of the problem of "steading the world's prices for staples". The resolution as passed by both Houses of Congress is as follows:—

*"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*

That in accordance with the authority of letter (f) of article nine of the treaty establishing the Institute, which provides that it shall "submit to the approval of the Governments, if there be need, measures for the protection of the common interests of farmers," the American Delegate to the International Institute of Agriculture is hereby instructed to present during the nineteen hundred and fourteen fall sessions) to the Permanent Committee the following *Resolutions*, to the end that they may be submitted for action at the General Assembly in nineteen hundred and fifteen, so as to permit the proposed Conference to be held in Rome during the fortnight preceding the session of the General Assembly of the Institute in nineteen hundred and seventeen:

*Resolutions.*

"The General Assembly instructs the International Institute of Agriculture to invite the adhering governments to participate in an International Conference on the subject of steadying the world's prices of staples.

"This Conference shall consist of members appointed by each of the Governments adhering to the Institute, and is to consider the advisability of formulating a Convention for the establishment of a Permanent International Commerce Commission on Merchant Marine and on Ocean Freight Rates with consultative, deliberative, and advisory powers.

"Said Conference to be held in Rome during the fortnight preceding the session of the General Assembly of the Institute in nineteen hundred and seventeen."

It will be observed the steps by which it is proposed to achieve the object in view, — the establishment of a Permanent Commission on Ocean Freight Rates, — are of a very deliberate kind, and that even under the most favourable circumstances no formal proposal for an International Convention for the purpose could be made before 1917. Ample time, it is evident, is allowed for the fullest possible discussion of the whole question apart from the fact that it would be unreasonably sanguine to hope that a great war will not impose at least some delay upon the materialisation of the project.

## RUSSIA.

### HOME COLONISATION IN THE CAUCASUS FROM 1908 TO 1912.

The great agricultural reform now being carried out in Russia consists, as we know, of three fundamental operations, namely: the abolition of the "mir", the general readjustment of the farms that have passed into private hands, and, finally, the grant of arable land to peasants not possessed of land, as far as it is possible, either without charge or on specially favourable conditions (1).

This last work presented considerable difficulties. In European Russia, the Government could only cede to peasants who had no land such areas as had been bought from the nobility or the crown, and consequently bought at too high a rate to be abandoned to peasants who had no land on conditions that were really possible for them.

Therefore, the Government bethought itself of the immense sparsely settled areas of Russian Asia, Siberia, Turkestan, the steppes of Semipalatinsk and, finally, the Caucasus, where the land is everywhere, if not quite unoccupied and to be had for nothing, at least purchasable at low prices.

But this land had to be "prepared". Sometimes there was no water, sometimes too much; here the virgin forests prevented agriculture, elsewhere the absolute want of roads made the areas inaccessible. And everywhere it was necessary to survey, and fix the boundaries and establish the rights of ownership. Finally, it was necessary to think of the welfare of the colonists themselves, to establish medical stations and pharmacies, land schools for the children, build churches, organize postal and commercial communication etc.

All these operations, the organization and general direction of colonization in all the immense area of the Empire of the Czars were entrusted to an office specially founded at the General Department of Agriculture and Agricultural Organization under the name of the Colonisation Department (Переселенческое Управление). Dependent on this Department are local Commissions, each of them entrusted with the colonisation of a particular region, and publishing, at intervals, varying according to

(1) More complete information with regard to the Russian land reform will be found in the numbers of this Bulletin for November, 1913 and January, 1914.



the importance of the work accomplished, detailed reports of the results obtained.

Thanks to these reports, we hope to be able to study the entire process of colonisation in each of the different parts of Asiatic Russia, and to publish in this Bulletin.

The present article, the first of the series, is devoted to the country in which the work of colonisation carried out has been least important. Even in the absolutely uninhabitable regions of the country, the density of the population in the Caucasus is scarcely lower than that of many parts of Central Russia. It is therefore not here that areas can be placed at the disposal of the Colonists as extensive as those offered by Siberia or the Transcasian regions. On the other hand, the land in the Caucasus, as we shall see, is capable of intensive cultivation and so on a smaller scale offers the possibility of far more concentrated colonisation.

Most of the statistics on which our account is based are taken from the Report published by the Caucasus Colonisation Commission under the title "Обзоръ Переселенческаго дѣла на Кавказѣ за пятилѣтїе 1868-1872" (Sketch of the Colonisation of the Caucasus in the Five Years 1868-1872).

## § 1. FIRST ATTEMPTS AT COLONISATION.

The first attempts at Russian Colonisation of the Caucasus were made in the middle of the last century. They were of an eminently political character. Anxious for the definite establishment of Russian rule in the country, the viceroy of the time, Prince Woronzoff (1), distributed lots of arable land gratuitously to time expired non commissioned officers and soldiers of the army of occupation, who desired to establish themselves in the country, and to members of certain religious sects the Government desired to remove from the central provinces of the Empire.

This kind of colonisation was, of course, in no sense systematic. It soon led to conflicts of every kind with the original inhabitants, and all in regard to the right of ownership of the land and it was gradually abandoned.

The work of colonisation was only resumed a half century later by Prince Galitzin, appointed in 1808 Commander in Chief of the Military District and Governor General of the Caucasus. The country was then entirely pacified and, in order that the former inhabitants might not suffer in their rights to their land, Russian Colonisation was inevitably limited to the land belonging to the Crown or to the remote steppes of the South-East, utilised at most for winter grazing by the semi-nomad tribes of the Persian frontier.

In the first case the results were of hardly any importance. Scattered over the immense area of the country in which they formed isolated

(1) Viceroy between 1844 and 1854.

claves, and more especially in the wild mountain regions, these crown lands were so little suited for systematic and concentrated colonisation that in many cases there was absolutely no means of access to them.

There was better success in the steppes region. At Muchansk, for example, some very simple irrigation works rendered a large part of the steppe of the same name fit for colonisation (1).

Decisive progress in the colonisation of the Caucasus, however, only dates from 1905. It began with the re-establishment of the vice-royalty in that year, and the necessity, due to the great agricultural reform of the following years, of finding, in the Caucasus amongst other places an outlet for the overflow agricultural population of the central provinces of the Empire.

A local Colonisation Commission was founded in the Colonisation Office of the Department of Agriculture and Agricultural Organization (Землеустроительное Управление Главногo Управления Землеустроительна и Земледельца) with instructions to study not only the quantity of land occupied in the Caucasus and the possibility of colonising it, but also the question of the readjustment and reorganization, both from the agricultural and administrative point of view, of the colonies already existing. The programme proposed for this Commission by decree of the Czar, dated February 13th., 1907, included in fact:

1. The preparatory study of the economic condition and the legal rights to landed property both of the original inhabitants and of the Russian colonists already established on the land adapted to a good system of colonisation, as well as the readjustment and organization of the land of these districts.

2. Determination and delimitation in the desert steppes of East Transcaucasia of districts for colonisation forming as far as possible a compact and continuous block in each district.

3. Construction in the Provinces of the Black Sea Coast (Black Sea Province and districts of Suchum and Kutais) of a system of roads to render accessible to colonisation the mountain districts of the Southern slope of the great chain of the Caucasus.

4. Systematic organization of the colonies, whether already established or to be established, from a legal as well as from an economic and agricultural point of view, organization of agricultural subsidies, medical stations, pharmacy stations, building of churches, schools etc.

Thus we see there is no further question here of exclusively Russian colonisation. The law will be the same for all. The Russians and the original inhabitants will equally share in the benefits obtained by the work and efforts of the Commission, as will appear even more clearly from the following brief study of the results obtained in the period 1908-1912.

(1) See below.

## § 2. AREA OF LAND SUITABLE FOR COLONISATION IN THE CAUCASUS

It is still impossible at the present moment to estimate even approximately, the whole extent of the land suitable for colonisation in the Caucasus. The Colonisation Commission has so far only had time to estimate the area in two of the most important regions of the country, that is to say in the extreme west, in the Black Sea Province (Черноморская губерния) and, in the opposite extremity of the country, in the steppes of Eastern Transcaucasia.

The area of the whole of this arable land that can be legally colonised in the two regions alone is now about 2,000,000 deciatines, or about 2,200,000 hectares, that is to say, it is equal to that of the land cultivated in the whole of Switzerland.

As it was not possible, in view of the limited economic resources at its disposal, to undertake the preliminary work of colonisation for the whole area of these two districts, the Colonisation Commission divided them each into regions of *immediate colonisation*, that is to say districts in which it has immediately undertaken the work contemplated in its programme, and into reserves of the first class, in which the work will be commenced as soon as time and the available financial resources permit.

The region of the steppes of Eastern Transcaucasia extend along the right bank of the Kura, from the environs of the town of Jelisavetpol to the Aras and the Caspian Sea. The area of the district is about 1,650,000 hectares, that is to say nearly that of the arable land of Belgium, and this land is now only utilised for winter pasturage by the half nomad tribes of the Persian frontier, but, once expropriated and supplied with a proper system of canals, would be adapted to the most lucrative farming, especially to the cultivation of cotton.

The region of immediate cultivation on which the Colonisation Commission has up to the present concentrated all its efforts, includes both the steppes of Muchansk and Milsik, in the very centre of the region, towards the confluence of the Aras and the Kura. The first has an area of 324,300 deciatines (356,650 hectares), the second an area of 318,869 deciatines (350,000 hectares). In regard to the other steppes in the country, those of Salian, Schirvansk, Sardarabad and others, with a total area of about 800,000 deciatines, the Colonisation Commission considers them for the present as reserves and has not as yet carried out any work in preparation of colonisation there.

We saw above that, independently of the region of the Eastern Transcaucasian steppes, the Colonisation Commission has concentrated its efforts also on the mountain regions of the Black Sea Province. The character of this region is quite different from that of the Persian frontier. Sheltered from all the winds of the North by the immense mass of the Caucasus Mountains, the "Riviera" between Noworossijsk and Suchum has quite a subtropical climate. Well supplied with water and rich in forests, it rises in terraces occupying admirable positions from the sea

the snowy summits of the mountains. The whole region is certain to become a garden of unrivalled luxuriance, specially suited to the cultivation of the vine and of fruit trees, as soon as the inland territory, now desert, is rendered accessible by the construction of roads, a work very difficult in these mountain regions.

The "Riviera" of the Caucasus includes the Black Sea Province and the district of Suchum. In view of the exceptionally favourable nature of the country, it is easy to understand that colonisation on the part of private individuals began long before the Government took measures to facilitate a proper system of colonisation on a large scale. This was especially the case in the district of Suchum, which is much nearer the sea and consequently more easy of approach than the Black Sea Province. That is why the Commission decided to concentrate its efforts in the Province, limiting its work in the District to the regulation of the rights of the landholders and the readjustment of the farms in the colonies already existing.

The whole area of the Black Sea Province is 743,214 deciatines. Of these nearly 500,000 deciatines belong to the State and consequently are available for colonisation. And in fact during the five years with which we are concerned here, the Colonisation Commission has already prepared a plan of occupation and allotted about 100,000 deciatines. Fifty thousand more are being prepared for colonisation and will be allotted as soon as the road construction now in course is completed and the land rendered accessible. The remainder, about 350,000 deciatines, forms part of the colonisation reserve and the preparation of these for settlement will only be undertaken when the work of preparation of the region to be colonised immediately is terminated.

When all is said, the most serious difficulty in the way of the immediate utilisation of these immense areas suitable for colonisation is the necessity of constructing, in the case of the Transcaucasian steppes, an immense system of canals, and, in that of the coast region, a no less extensive and costly system of roads. Naturally, the Colonisation Commission has had to concentrate its attention chiefly upon the solution of these serious problems.

However, that has in no way prevented it from allotting to the colonists holdings in other provinces of the Caucasus where this could be done without the necessity of carrying out the work of surveying, irrigation and organization of the system of roads before authorizing the colonists to occupy their lots. We shall have evidence of this in the figures given in the following section.

### § 3. RESULTS OF COLONISATION BETWEEN 1908 AND 1912.

Up to the beginning of the five years' period with which we are dealing, the total area of the land assigned to the Colonists in all the provinces

of Caucasia was 258,580 deciatines (1), distributed amongst 30,306 individuals (2).

Between 1908 and 1912 the Colonisation Commission was placed at the disposal of new colonists a total area of 277,601 deciatines in 49,610 lots.

The distribution of these single lots according to the province or territory of the region is seen below :

Black Sea Province . . . . .	3,305	single lots
Territory of Suchum . . . . .	6,518	" "
Province of Kutais . . . . .	445	" "
Territory of Batum . . . . .	273	" "
Province of Tiflis . . . . .	3,263	" "
Territory of Kars . . . . .	1,520	" "
Province of Jelizavetpo . . . . .	2,910	" "
Province of Baku (Muchansk Steppe) . . . . .	23,926	" "
Territory of Daghestan . . . . .	34	" "
Territory of Kuban . . . . .	5,459	" "
Territory of Terek . . . . .	1,957	" "
Total . . . . .	49,610	" "

Adding these figures to those previously given, we find that by January 1st., 1913, the Government had placed at the disposal of Colonists provided by it in the Caucasus a total area of 536,181 deciatines distributed in 79,996 single lots.

Of this total there had been allotted :

	Deciatines	Lots
1. To Russians Established in the Country before Government Colonisation began. . . . .	19,760	in 1,754
2. To Colonists Natives of Caucasia . . . . .	79,043	" 13,570
3. To Churches, Schools and Various Commercial, Industrial or other Undertakings . . . . .	8,719	" 1,347
4. To New Immigrant Colonists . . . . .	--	" 63,195
Total . . . . .		79,996

(1) See below, Table No. II.

(2) The allotment to families is made as follows: a single lot is assigned for each male member in the family capable of agricultural labour. Each family may therefore acquire as many individual lots as there are adult males in it, irrespective of the total number of members in the family.

The colonists of one and the same region form a colony (участок) for administrative purposes. The size of these colonies varies considerably from place to place.

Of the 63,197 single lots thus placed at the disposal of immigrant colonists, 38,787 were occupied by 12,026 families on January 1st., 1913; 2,000 had been already allotted, but not yet occupied; finally, 12,910 were still to be distributed.

Of the 12,026 families already established on the holdings allotted them, 8,326 settled in the country between 1908 and 1912.

These 8,326 families had a total number of more than 55,000 members, of whom 27,895 were males old enough for work.

The dates of their establishment in the country were as follows :

In 1908 . . . . .	1,815 families	with 6,681 adult males
" 1909 . . . . .	2,326 "	7,446 "
" 1910 . . . . .	1,675 "	5,514 "
" 1911 . . . . .	1,618 "	5,784 "
" 1912 . . . . .	898 "	3,080 "
Total . . . . .	8,326	27,895

In the period with which we are concerned there was an average annual immigration of 5,500 adult male colonists fit for agricultural work. In the three years immediately preceding this period the average had been only 2,000.

The holdings already allotted but not yet occupied by their proprietors, or not yet allotted and consequently free, were distributed in the various regions of the country as follows :

	Holdings assigned but not yet occupied	Holdings not yet assigned
Region of the Black Sea Coast . . . . .	1,823	3,229
" " Kuban and Terek . . . . .	1,252	340
" " Baku and Daghestan . . . . .	7,163	7,379
" " Jelisavetpol . . . . .	717	1,445
" " Tiflis and Kars . . . . .	381	109
" " Suchum . . . . .	77	4
" " Kutais and Batum . . . . .	87	404
Total . . . . .	11,500	12,910

The Colonisation Commission hoped to be able in the course of the year to assign 5,000 of the 12,910 holdings still unoccupied on January 1st., 1913. It foresaw that the state of the irrigation works and the lack of road construction would not permit of its allotting the other holdings among the numerous applicants.

## § 4. IRRIGATION IN THE MUCHANSK STEPPE.

Up to 1901, in this large region between the Aras, the Kura, the Caspian Sea and the Persian frontier, there were only two miserable villages both situated on the borders of this unproductive desert area. There has been a complete change since the work of irrigation began, initiated in the North in 1901 with the construction of the Galitzin Canal. By the completion of the work in 1906, three new villages had arisen on the canal and the number of colonists who desired to establish themselves there was so great that, in the following year, a second canal had to be made to supplement the first and along it no less than nine new villages arose between 1909 and 1911.

Altogether, in this part of the steppe, the Government spent, between 1904 and 1911, 312,000 roubles (830,000 frs.) on irrigation works, thanks to which 25,000 deciatines of land, formerly waste and unfit for any kind of cultivation, have been transformed into intensively cultivated and productive colonies, with a permanent and dense population.

In the central part of the Muchansk steppe the work of irrigation, begun in 1909 on the initiative of the Colonisation Commission, has been facilitated by the existence in this place of an old canal made by the inhabitants of the country and then abandoned. Brought again into working order, this canal, 46 kilometres in length, was connected by another 20 kilometres long, to which the name of Woronzoff Canal was given in memory of the first pioneer of Colonisation in Caucasia.

These works are not yet quite completed and yet nineteen villages have already arisen in this formerly quite deserted region.

A second canal, close to the first, also bearing the name of Prince Woronzoff was commenced in 1912. It will be completed in 1915 and will render capable of cultivation an area sufficient for the establishment at least 2,500 colonists' families.

In the Southern part of the steppe, finally, the work of irrigation was begun in 1909 with the construction of a canal intended to render an area of more than 21,000 deciatines fit for cultivation. Various circumstances have obstructed the work and at the end of the period we are dealing with it was as yet only possible to assign to the colonists about 1,500 deciatines prepared for cultivation. It is, however, hoped that the work may be resumed with greater energy and the enterprise successfully terminated within two or three years.

## § 5. ROAD CONSTRUCTION IN THE BLACK SEA PROVINCE.

We know already that the problem of road construction is of the same importance for the Black Sea Province as that of irrigation for the Transcaucasian Steppes.

As long as the inland districts of the Province remain isolated from the rest of the world owing to the complete absence of roads, no serious and efficient colonisation can be undertaken. Unhappily, the lack of funds also hinders the action of the authorities just as it does in Transcaucasia.

In 1903, a special commission prepared a plan for a whole system of roads. The necessary money had already been assigned for the purpose, and the work was about to commence when the war with Japan obliged the Government, for the moment at least, to abandon the idea.

On the conclusion of peace, the plan was at once resumed, it is true, on a considerably reduced scale, in consideration of the financial conditions of the moment. It was proposed to construct altogether 500 versts (580 kilometres) of roads between 1906 and 1912 and to place on the estimates for the corresponding years the amounts required for the work.

It was even necessary to reduce this more limited programme. A combination of disastrous circumstances impeded the work and, in fact, during the period in question it was only possible to complete 127 versts of the 500 intended; on January 1st., 1913, 112 other kilometres were in course of construction. The expenditure up to that date had been more than 1,000,000 roubles.

The general improvement of the economic conditions of the Empire fortunately permit of the hope of a considerably more rapid and more energetic construction of the roads in the province in the future. Thus, in the year 1913 alone, it was possible to assign an amount of 500,000 roubles for the purpose, amounting to the half of the total expenditure between 1906 and 1912 and, thanks to this increase of the Government subsidies, the Colonisation Commission may not only actively push on the completion of the roads already begun, but also undertake the construction of about 80 new kilometres, by means of which 1,100 single colonists' holdings, up to the present without roads, will be placed at the disposal of the colonists flocking in from every side.

Finally, the Government has decided to assist the work of the Colonisation Commission, undertaking immediately at its own expense the construction of various large arteries of communication, which will greatly facilitate access to certain regions now beyond the limits of civilisation.

In fact, we may hope that the serious problem of the roads of the Black Sea Province will soon be satisfactorily settled and will render that province one of the regions to which Russian Colonisation will most readily tend.

#### § 6. MEASURES FOR THE PROMOTION OF THE ECONOMIC WELFARE AND EDUCATION OF THE COLONISTS.

In addition to the measures in regard to the land itself, intended to render it fit for cultivation and accessible to colonisation, the Colonisation Commission has attempted, in conformity with its rules, to carry out



quite another series of measures for both the material and intellectual betterment of the colonists.

Taking thus into consideration the large cost of their initial establishment, whether among the virgin forests of the Black Sea Province or in the Transcaucasian steppes, where there is absolutely no building material, the Commission has attempted to assist the colonists by the provision of cheap building material in such places where it is not to be obtained on the spot, and the grant of subsidies in money for their installation.

In the period with which we are concerned the total amount of subsidies granted in this way was 670,570 roubles 10 kopecks, distributed over the various years, as follows :

In 1908 . . . . .	110,043.14 roubles
1909 . . . . .	89,194.73 "
1910 . . . . .	164,626.96 "
1911 . . . . .	119,205.27 "
1912 . . . . .	187,500.00 "
Total . . . . .	670,570.10

Part of this sum, that is about 104,143.64 roubles, was assigned to grants properly so called, that is, with no obligation of repayment, conceded, as an exceptional measure to certain groups of Russian colonists formerly established on the Turkish territory and now transferred, some of them to the Muchansk steppe and some to the Provinces of Kutais and the Black Sea.

The remainder of the amount mentioned was distributed under the form of loans on favourable terms. Finally, the value of the building material at the disposal of the colonists was about 300,000 roubles.

Independently of these strictly personal grants, considerable sums have been assigned for the promotion of the general welfare of the colonists. These amounts in the period we are dealing with were almost entirely grants not to be repaid, distributed over the various years as follows :

In 1908 . . . . .	89,951 roubles
1909 . . . . .	109,393 "
1910 . . . . .	75,000 "
1911 . . . . .	118,294 "
1912 . . . . .	43,360 "
Total . . . . .	435,998

The greater part of this sum was employed on the building of churches, chapels and schools, as follows :

Regions	Cost of Buildings in Roubles.									
	1908		1909		1910		1911		1912	
	Churches	Schools	Churches	Schools	Churches	Schools	Churches	Schools	Churches	Schools
Black Sea . . . . .	—	—	—	—	—	6,000	—	10,000	—	—
Asiatic Caucasian . . . . .	4,250	8,000	2,142	8,854	—	25,550	28,000	18,000	—	—
Georgian . . . . .	500	—	56	36,720	—	12,000	—	20,751	2,816	—
Abkhazian . . . . .	—	1,000	180	8,500	—	17,200	8,224	4,000	218	—
<b>Total . . . . .</b>	<b>4,750</b>	<b>9,000</b>	<b>2,358</b>	<b>54,004</b>	<b>—</b>	<b>58,700</b>	<b>36,224</b>	<b>42,000</b>	<b>20,816</b>	<b>2,816</b>

Or for the whole of the Caucasus:

Construction of Churches . . . . .	64,771 roubles
"      "      " Schools . . . . .	172,520
<b>Total . . . . .</b>	<b>237,291</b>

The large amount spent on the building of churches as compared with that spent on Schools is due to the fact that the inhabitants of the Caucasus belong to religions different from that of the Russian colonists, it was necessary to provide for the religious needs of the latter by the erection in each colonisation centre of at least one chapel for the Orthodox worship.

The rest of the amount in question was spent on various works of public utility, for the installation of model farms, agricultural stations or experimental farms, and for undertakings of special utility for the region: silk factories, model dairies, cotton plantations, etc., purchase of stallions and bulls, importation of seeds and chemical manure, installations of machinery and supply of agricultural machines etc.

## § 7. SANITARY MEASURES

Among the measures taken with a view to the greater welfare of the colonists, those for an improved medical service in the region deserve special mention. The amounts assigned for the purpose in the period 1908-1912 were as follows:

In 1908 . . . . .	67,228	roubles
1909 . . . . .	90,000	"
1910 . . . . .	110,000	"
1911 . . . . .	147,765	"
1912 . . . . .	202,500	"
<hr/>		
Total . . . . .	617,493	"

Out of this total the following amounts were spent on the erection of medical stations and hospital buildings :

In 1908 . . . . .	9,000	roubles
1909 . . . . .	22,000	"
1910 . . . . .	24,200	"
1911 . . . . .	33,900	"
1912 . . . . .	38,200	"
<hr/>		
Total . . . . .	127,300	"

The importance of the results thus obtained is seen in the following table in which we give the number of medical stations founded in the period with which we are dealing, their character, the total number of consultations for the various years and of the cases of malaria treated.

Year	Total Number of Medical Stations Working		Consultations	Number of Cases of Malaria
	Managed by Doctors	Managed by Health Officers		
1908 . . . . .	4	20	35,903	14,353
1909 . . . . .	4	34	107,730	41,53
1910 . . . . .	6	38	115,379	52,310
1911 . . . . .	7	43	84,575	2,044
1912 . . . . .	9	51	104,891	44,071
<hr/>			148,678	185,220
Total . . . . .	9	51		

As it is impossible to offer the medical staff sufficiently good terms, the Colonisation Commission was obliged during all the period under consideration to accept simple military nurses as health officers, and to endeavour to perfect their technical knowledge by means of a special course given at the headquarters of the Commission and lasting one year. Since then, the general economic conditions have fortunately improved considerably and, since 1911, the Commission has been gradually able to replace the nurses by health officers who have completed their studies in the special Government schools. It is to be hoped that the substitution may be made in all the medical stations, by the end of the year 1914.

About the same time, the work of medical assistance for the colonists will be further improved by the institution of homes for midwives of whom several have already been engaged.

To complete our account of the measures taken by the Colonisation Commission, let us further note that since 1912 two ambulance corps have been formed, especially intended to assist in the fight against malaria, which, as seen from the figures in the above table, is very common in some districts of these provinces. Apart from the directly practical results already obtained by this means, consisting principally in a reasonable and efficient organisation of the struggle against this terrible scourge, the two corps have been able to collect most important scientific and statistical material for the study of the question. This material is stored at the special laboratory founded in 1912 at the head quarters of the Colonisation Commission.

We close this brief sketch with the two following tables, showing the successive progress of the work of Government colonisation in the Caucasus, as well as the state of this colonisation on January 1st., 1913.

*Annual Progress of Colonisation in the Caucasus up to 1913.*

Years	Land Prepared for Colonisation each Year			Land Assigned to Russians already Established in the Caucasus			Land Assigned to Natives of the Provinces			Total Land Assigned or to be Assigned to Immigrants on December 31st. of each Year		
	Number of Colonists	Area in Deciatines	Number of Single Lots	Number of Colonies	Area in Deciatines	Number of Single Lots	Number of Colonies	Area in Deciatines	Number of Single Lots	Number of Colonies	Area in Deciatines	Number of Single Lots
Up to												
1907 . . . .	147	243,377	28,435	—	—	—	8	21,338	2,122	130	222,030	26,313
1907 . . . .	22	15,203	1,951	—	1,836	405	1	3,315	453	160	232,091	27,476
1908 . . . .	32	44,819	6,833	135	13,529	1,933	5	13,251	2,107	177	250,130	30,840
1909 . . . .	83	88,666	15,968	80	1,715	117	3	1,012	516	257	335,169	46,189
1910 . . . .	92	91,132	18,082	31	2,680	109	4	16,664	7,839	301	386,077	56,232
1911 . . . .	50	12,286	6,940	676	—	—	3	1,451	307	348	427,812	63,000
1912 . . . .	50	60,678	12,877	424	—	—	—	1,112	269	368	437,378	63,007
Up to . . . .	440	600,184	100,006	1,440	10,200	1,250	6	30,000	6,000	6	15,000	6,000

*General Situation of the Colonisation of the Caucasus on January 1st., 1913*

Provinces (Governments) or Districts	Land Prepared for Colonisation			Number of Single Lots	Land Assigned to Russian Armed Forces in the Caucasus			Land Assigned to Natives of the Caucasus			Land Assigned or to be Assigned to New Immigrants			Average Area per Single Lot
	Number of Colonies	Area in Deciactines	Number of Single Lots		Number of Colonies	Area in Deciactines	Number of Single Lots	Number of Colonies	Area in Deciactines	Number of Single Lots	Number of Colonies	Area in Deciactines	Number of Single Lots	
Province of the Black Sea	135	97,966	9,516	—	—	—	—	—	—	—	135	97,966	9,516	10.1
District of Kuban	28	46,400	6,311	607	—	—	—	2	782	220	26	45,618	5,184	9
• • Terck	10	9,604	3,124	—	—	—	—	7	5,605	1,846	3	3,999	1,278	3.1
• • Daghestan	5	7,610	1,152	6	—	—	—	—	—	—	5	7,610	1,146	7
Province of Baku	74	146,219	30,693	478	3	3,286	259	3	14,578	2,003	68	128,355	27,393	4.8
• • Jelisavetpol	62	83,598	9,309	170	1	2,680	169	9	19,257	2,160	52	61,101	6,446	9.9
• • Tiflis	33	38,772	6,402	123	7	12,330	1,200	3	4,170	705	23	22,272	4,511	5
District of Kars	22	42,599	5,491	39	—	—	—	4	4,257	689	18	38,252	4,773	14
Province of Erivan	14	28,159	2,496	—	—	—	—	4	9,058	615	10	18,241	1,681	10
District of Balun	1	2,485	273	33	—	1,464	117	—	—	—	1	1,021	123	9
Province of Kutais	2	1,817	445	—	—	—	—	—	—	—	2	1,817	445	4
District of Sukhum	6	31,002	6,518	—	—	—	—	35	20,436	4,411	25	10,566	2,107	—
Total	440	536,181	79,906	1,346	11	19,760	1,751	67	79,013	13,669	108	137,378	63,007	7

## NOTICES OF SOME RECENT PUBLICATIONS RELATING TO AGRICULTURAL ECONOMY IN GENERAL.

THE INTERNATIONAL INSTITUTE OF AGRICULTURE, *Journal of the Board of Agriculture*. Vol. XX;  
No. 6. September, 1914.

We note with pleasure that the *Journal of the Board of Agriculture* devotes a short article in the September number to the work of the International Institute of Agriculture.

The writer, after referring briefly to the foundation of the Institute as the result of an International Conference called upon the initiation of the King of Italy, describes the internal organisation of the Institute itself and outlines the various branches of its work in the interests of all engaged in agriculture. The article deals more particularly with the questions upon the study of which the Institute, in accordance with the resolutions of the last General Assembly, is at present engaged, and notes that reports are being prepared upon the collection of statistics relating to cattle, meat and milk, upon fodders and concentrated food-stuffs, and upon ocean freights on agricultural staples.

We are convinced — and it is not likely that anyone will dispute the point — that the utility of the Institute depends to a very large extent upon the publicity given to its work, and it is for this reason that we welcome the appearance of this article.

### VARIOUS COUNTRIES.

BALKAN REVUE. Monatschrift für die wirtschaftlichen Interessen der Südosteuropäischen Länder (*Monthly Review for the Economic Interests of the South East European Countries*). Berlin. Balkan-Verlag, since April, 1914, a monthly journal of about 100 pages. 8vo. Annual subscription 24 marks; 30 francs.

One of the greatest difficulties in the way of the study of the economic and social life of the States of the Balkan peninsula is the extraordinary variety of languages in use in these countries. It is certainly not a very common thing to know at once Turkish, Greek, Bulgarian, Servian, Roumanian and Albanian, to mention only the official languages. So that general

studies on the Balkan countries are as a rule based on the works published extensively in one or other of the great European languages, by the countries concerned, and generally presenting the serious defect of being too exclusively political and often not at all impartial. Under these conditions, we can only welcome with the keenest satisfaction the appearance last April in Berlin of a new review in German, dedicated quite specially to the general study of the economic and social conditions of all the Balkan States and conducted by persons whose names not only inspire full confidence but are also a guarantee of absolute impartiality.

The editor of the *Balkan-Review*, Dr. Paul Schwarz of Berlin, has succeeded in bringing together not only the principal Western specialists in Balkan matters, such as E. Ehrlich, H. Hirschberg, E. Jäckh, O. Kessler, H. von Strahlheimb and others, but also a group of select collaborators among the most eminent persons to be found in the Balkan countries. Let us mention among these: for Greece, E. Anastassiades, E. Angelidis and L. Koronis; for Roumania, C. Halaceanu, G. Murgoci, and C. Osiceanu; for Bulgaria, G. Th. Donailow, P. Lessinoff and K. G. Popoff; for Turkey, F. v. Vincenz; for Serbia, the Minister of Commerce of the Kingdom, D. K. Stojanowitch etc.

Each number of the Review consists of two separate parts: the first containing two or three detailed studies of some important question, the second including current news, often very complete, referring to all the Balkan countries, arranged as follows: (1) General Politics and Economics, (2) Legislation, Administration and Army, (3) Communications, (4) Rural Economy, (5) Chronicle of Finance and the Exchanges, and lastly (6) Bibliography and Criticisms of Books.

Among the articles so far published by the Review, let us mention, illustrating the programme carried out, *The Economic Situation of Bulgaria after the War*, by P. Lessinoff; *The Economic Conditions of Albania*, by K. Steinmetz, *The Eastern Railways Problem*, by J. Mendel; *The Industrial Development of Bosnia*, by M. Gerbel; *The Economic Value of the Aegean Islands*, by F. V. Vincenz; *The Intellectual Life of Bulgaria*, by H. Hirschberg, *The Finances of Bulgaria*; *The Tobacco Monopoly* etc. Thus we see the contents are most varied and most instructive.

Recommending the new Review to all who are interested in the complicated and interesting problems of the economic and social life of the Balkan States, we can only hope that the serious crisis through which Europe is passing at this moment will not prevent the continued publication of the *Balkan Review*.



## BRAZIL.

GROSSI (Prof. Dr. VINCENZO) : STORIA DELLA COLONIZZAZIONE EUROPEA AL BRASILE, E DELLA EMIGRAZIONE ITALIANA NELLO STATO DI S. PAULO. (*History of the European Colonisation of Brazil and the Italian Emigration to the State of São Paulo*). Rome, 1914. Società editrice Dante Alighieri. 10mic. pp. 558. Frs. 10.

The flattering success with which the first edition of this book was received in 1905, has induced the author to prepare a second, considerably revised and enlarged by the addition of material relating to the interval elapsed since the first was published.

In the first part of the work the author is concerned with the period of Portuguese colonization, and explains the legal and administrative organization and the economic and social evolution of the colony.

He then considers the home colonisation of the country, since its independence and gives important information in regard to the history of these colonisation operations and numerous statistics of the emigration from Europe to Brazil since that date up to the present day. This part of the book is specially interesting, as we find reproduced in it in full the principal legislative provisions of the Brazilian Government in respect to immigration and home colonisation. Some of these provisions, as they date from after 1905, could not appear in the first edition.

The volume closes with an appendix, which might very well be considered as a separate division of the book, in which the author studies at length the agricultural and economic situation of the State of São Paulo and the conditions of Italian immigration in that State. Very considerable interest will be excited by the account of the means adopted or proposed by the two countries for the encouragement and regulation of this current of immigration.

By way of introduction to this work, which is of great importance in the economic literature of Latin America, the author gives a full account of the natural wealth of Brazil, from the point of view of economic geography.

## ITALY.

ANNUARIO STATISTICO ITALIANO (*Italian Statistical Yearbook*). Second Series. Volume III. Year 1913. Direzione Generale della Statistica e del Lavoro. Rome. Tip. Nazionale di Bertero e Co. 1914. 466 pp.

This is the 3rd. volume (1913) of the second series of the Italian Statistical Annuals, the publication of which was begun under the instruction of the Minister, the Hon. F. Nitti, by the late Prof. Giovanni Montemartini, General Manager of Statistics and Labour.

This volume, of ampler dimensions than that for 1912, contains numerous statistics, both relating to subjects dealt with in the earlier annals and also to new ones.

The various chapters deal with climate, territory and population, health and sanitation, benevolence and public assistance, education, foreign trade, agriculture, industry, the finances of the State, the Provinces, the Communes, etc.

As far as concerns the administrative divisions, information is given not only in regard to provinces but also to the more important communes.

The volume is enriched with a series of diagrams, some of which refer to matters now for the first time so treated.

A special merit of this annual is the comparative synoptic table for the several years from 1881, showing the principal facts that may be considered as indicative of the economic movement, that is, the movement of population, foreign emigration, the principal agricultural products, the prices of wheat, the development of steam boilers, railway, postal and telegraphic communications, the amount of savings, the principal sources of revenue and expenditure of the State, the communes and the Provinces etc.

**FARNIERI F.: LA QUESTIONE AGRARIA NEL CREMONESE, CONDUTTORI DI FONDI E CONTADINI** (*The Land Question in the Province of Cremona. Farmers and Peasants*). Cremona, 1915. pp. 156.

We have here a study, by one profoundly acquainted with men and things, of one of the aspects presented by the land question in "a district in which intensive farming on the capitalistic system is already completely developed."

Commencing with an examination of the conditions of the rural classes in the Province of Cremona before 1890, the Author goes on to deal with the transformation of the relations between farmers and peasants from the economic, social and political point of view: devoting a large part of the work to an account of the struggle between farmers and peasants and the problems connected with it, ending with a chapter on profit sharing and collective farming, in which he shows how collective farms under diversified management may substitute, as has happened in some provinces, the large tenant farmer on contract (*gabellotto*) who sublets the farm in part but can hardly now substitute directly, under a regime of free competition, the farmer on lease in the district of Cremona, who has capital, technical capacity, enterprise and courage.

## RUSSIA.

Сельскохозяйственный Обзор по Закавказью за 1912 г. изд. Статистического Бюро Императорского Кавказского Общества Сельского Хозяйства (*Examination of Transcaucasian Agriculture in the Year 1912, Published by the Statistical Office of the Imperial Society of Agriculture of the Caucasus*). Tiflis. Government Press 1913. large 8vo. pp. VIII. 232 203.

The Yearbook the Statistical Office of the Imperial Society of Agriculture, published every five years, is based on the regular detailed reports the Office receives from correspondents in the whole area under the viceroy. These correspondents, the number of whom increases every year, they are now more than a thousand — are principally selected among the working farmers or among persons in direct relation with the agricultural classes, such as priests, school masters etc. The material so collected is utilised in two ways. Systematically classified in the Office and checked and completed in the various divisions of the Society, it is partly used in the preparation of monographs for the first part of the Yearbook and partly for the statistical tables making up the second part.

Owing to this solid organization, the Yearbook, very unambitious at the start, is continually improving and gives accurate and complete statistics for all the very varied branches of the agricultural economy of the Caucasus.

The first part of the volume recently published, under the editorial of M. P. Petrowitsch, contains the following monographs :

(1) Transcaucasia in 1912 from the Agricultural Point of View, (2) Meteorological Conditions in 1912, (3) Hail and the Damage Caused by it in Transcaucasia in 1912, (4), Enemies of Plants in Transcaucasia, (5) Agricultural Produce in 1912, (6) Vintage and Fruit Harvest in Transcaucasia, and, finally, (7) Livestock Improvement in Transcaucasia in 1912.

The editors of the Yearbook state that the limited time at their disposal did not permit of the publication in the 1912 volume of several monographs on agricultural credit, farm improvement, sericulture and the cultivation of cotton in Transcaucasia. They will be revised and published in the next Yearbook.

The second part of the Yearbook includes a series of very detailed statistical tables (36 in all), in relation to the subjects dealt with in the first part or other branches of Transcaucasian agricultural economy. In this direction also the present Yearbook marks a very considerable advance on those of previous years, and the editors give hope of further innovation in the future. One of these should, in our opinion, be the adoption of the tables in two languages, French and Russian, for the statistical tables instead of only Russian. The excellent work of the Imperial Society of Agriculture of the Caucasus would thus be placed within the reach of many whom it would interest and who do not understand Russian.

RUGGERI ALFREDO, gerente responsabile.

